



**Office of State Budget Director**

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**Paul E. Patton**  
Governor

**Mary E. Lassiter**  
Acting State Budget  
Director

Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
Governor's Office for Policy Research

TO: Cabinet Secretaries  
Independent Agency Heads  
Agency Fiscal Officers

FROM: *Beth Jurek*  
for Mary Lassiter  
Acting State Budget Director

DATE: September 15, 2003

SUBJECT: FY 2004-2006 Branch Budget Request  
Aids to Calculations

In order to assure that all agencies have received all communications related to the "Aids to Calculations Guidelines," attached is a complete set of calculations guidelines as referenced in Appendix B of the Branch Budget Request Manual. Those include:

Health Insurance, Life Insurance, and Health Insurance Administration Fee  
Worker's Compensation  
Salary and Fringe Benefit Cost Estimate Assumptions  
GOT Charge Structure  
State-Owned Space Rent/Utility Charges  
Motor Pool Charges  
Debt Service (electronic template to be provided by your GOPM analyst)  
Governmental Services Center Charges  
Facilities Securities Charges  
State Fire and Tornado Fund

Please contact your GOPM Policy and Budget Analyst should you have any questions about how this information is to be utilized.

sp/3008

c: Bill Hintze  
Beth Jurek  
Policy and Budget Analysts

Attachment





Paul E. Patton  
Governor

COMMONWEALTH OF KENTUCKY  
PERSONNEL CABINET  
200 FAIR OAKS LANE  
5TH FLOOR  
FRANKFORT, KENTUCKY 40601

Carol M. Palmore  
Secretary

September 11, 2003

Mr. John Cubine  
Legislative Research Commission  
Room 136 Capitol Annex Building  
Frankfort, Kentucky 40601

Dear Mr. Cubine:

The purpose of this correspondence is to recommend calculation guidelines for health insurance, benefits administration, and life insurance for the FB 2004-2006 Budget Request Manual per your request. The Personnel Cabinet is proposing a single statewide rate for employees who waive health insurance coverage. The assumption is that the same employees who waived coverage in plan year 2003 will continue to waive in plan year 2004 and the two subsequent years. I have provided rates by employee by work county for all other employees in the state health insurance group on the attached sheet. The rate includes health insurance, benefits administration, and life insurance as was the case for the current biennial budget.

The cost of health insurance has been growing rapidly in both the national and Kentucky markets. The average employer cost per employee per month across the entire State health insurance group in Fiscal 2003 was \$ 264.26. The cost in FY 2004 for the same benefit package will be approximately \$ 280.03, an increase of 5.97%. Following consultation with its actuary, the Personnel Cabinet projects an increase to \$325.35 (a 16.18% increase) in FY 2005 and a further increase to \$ 388.15 (a 19.3% increase) in FY 2006.

Note that the attached rates shown on attachment one (1) are by employee by month eligible for health coverage in the state group and are for agencies whose employees are paid via the state payroll.

Agencies not using the state payroll— the Advocacy and Support Center (Elizabethtown), the Barren River Child Advocacy Center, the Big Sandy Area Children's Advocacy Center, Inc., the Bluegrass Rape Crisis Center, Inc., the Breathitt County Fiscal Court, the Buffalo Trace Area Development District, the City of



John Cubine  
September 11, 2003  
Page Two

Sadieville, the City of Simpsonville, D.O.V.E.S., the Gateway Children's Advocacy Center, Inc., the Hart County Ambulance Service, Local Boards of Education, the Board of Bar Examiners, the Child Watch Advocacy Center (Paducah), the Hardin County Clerk's Office, the Hardin County Sheriff's Office, the Housing Oriented Ministries Established for Service, Inc. (Neon), the Kentucky Community and Technical College System, the Kentucky Educational Television Foundation, the Kentucky Employees Mutual Insurance Corporation, the Kentucky Higher Education Student Loan Corporation, Kentucky Retirement Systems (employees), the Kentucky River Child Advocacy Center, the Kentucky Teachers Retirement System (employees), the Kentucky Turnpike Authority, Local Health Departments and Districts, the Owensboro Area Shelter & Information Service, Rape Victim Services, Inc., and Springhaven, Inc.—should budget \$1.00 less per employee per month eligible for health insurance/benefits administration/life insurance than shown in attachment one (1).

The Kentucky Retirement Systems (retirees only) and the Kentucky Teachers Retirement System (retirees only) should budget \$3.90 less than shown in attachment one (1) per retiree actively participating in the state health group. Retirees do not participate in the Commonwealth's life insurance program or pay life insurance premiums nor do they receive services from the state payroll system.

A number of organizations and governmental entities have their own payrolls, are part of the State health insurance group, but are not part of the state life insurance group. These agencies should budget \$4.25 less than shown on attachment one (1) per employee per month eligible for participation in the Commonwealth's health insurance group. See attachment two (2) for a current list of these organizations.

The Personnel Cabinet will assign rates to any new organizations joining the state health group after this date or any group changing status according to the criteria set forth

John Cubine  
September 11, 2003  
Page Three

above. Please advise if you have any questions or if I can be of further assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Carol M. Palmore". The signature is written in dark ink and is positioned above the printed name and title.

Carol M. Palmore  
Secretary

CMP/HBL/WG/wg

Attachments

Cc: Senator Richie Sanders  
Representative Harry Moberly  
Mary Lassiter  
Beth Jurek  
Bill Hintze  
Mark Coleman  
Randy Smith  
Carl Felix  
Jill Hunter



| FY 2005  | FY 2006  |
|--|--|
| Employees Other Than Retirees Who Waived Health Insurance Coverage in FY 2003:<br>All Counties |  |
| Health/Benefits Administration/Life:<br>\$242.25   | Health/Benefits Administration/Life:<br>\$242.25 |

| FY 2005   | FY 2006  |
|---|--|
| Employees Assigned to the Following Work Counties: Adair, Allen, Anderson, Ballard, Barren, Bell, Boone, Boyle, Bracken, Breathitt, Breckinridge, Bullitt, Butler, Caldwell, Carlisle, Carroll, Casey, Christian, Clark, Clinton, Crittenden, Cumberland, Daviess, Edmonson, Estill, Fayette, Fleming, Floyd, Franklin, Fulton, Gallatin, Garrard, Grant, Grayson, Green, Hancock, Hardin, Harrison, Hart, Henry, Hickman, Hopkins, Jefferson, Jessamine, Johnson, Kenton, Knott, Knox, Larue, Laurel, Lee, Leslie, Letcher, Lewis, Lincoln, Livingston, Logan, Lyon, McCracken, McCreary, McLean, Madison, Magoffin, Marion, Martin, Mason, Meade, Mercer, Metcalfe, Monroe, Montgomery, Muhlenburg, Nelson, Nicholas, Ohio, Oldham, Owen, Owsley, Pendleton, Perry, Powell, Pulaski, Robertson, Russell, Scott, Shelby, Simpson, Spencer, Taylor, Todd, Trigg, Trimble, Warren, Washington, Wayne, Webster, Whitley, Wolfe, and Woodford. |  |
| Health/Benefits Administration/Life:<br>\$344.49  | Health/Benefits Administration/Life:<br>\$418.72 |

| FY 2005   | FY 2006  |
|---|--|
| Employees Assigned to the Following Work Counties: Bath, Bourbon, Calloway, Clay, Graves, Harlan, Jackson, Marshall, Menifee, Pike, and Rockcastle. |  |
| Health/Benefits Administration/Life:<br>\$347.08  | Health/Benefits Administration/Life:<br>\$421.87 |

| FY 2005  | FY 2006  |
|--|--|
| Employees Assigned to the Following Work Counties: Campbell, Morgan, Rowan |  |
| Health/Benefits Administration/Life:<br>\$374.85                           | Health/Benefits Administration/Life:<br>\$455.77 |

| FY 2005   | FY 2006  |
|---|--|
| Employees Assigned to the Following Work Counties: Boyd, Carter, Elliot, Greenup, Henderson, Lawrence, Union. |  |
| Health/Benefits Administration/Life:<br>\$520.55  | Health/Benefits Administration/Life:<br>\$633.64 |

**Agencies Budgeting \$4.25 per Month Less Than Shown Per Employee Eligible for Participation in the State Health Group**

**Attachment 2**

Appalachian Research & Defense Fund  
Ballard, Carlisle, Livingston Public Library  
Barren River Area Development district  
Barren-Metcalf E. M. S.  
Big Sandy Area Development District  
Bluegrass Area Development District  
Boone County Public Safety Communication Center  
Breckenridge County Public Library  
Burlington Fire Protection District  
City of Bardwell  
City of Clarkson  
City of Elkhorn  
City of Fulton  
City of Irvington  
City of Jackson  
City of Lewisburg  
City of Nortonville  
City of Owenton  
City of Pembroke  
City of Science Hill  
Communicare  
Community Housing, Inc.  
Cumberland Valley Area Development District  
Davies County Commissioner's Office  
FIVCO Area Development District  
Fleming County E. M. S.  
Four Rivers Behavioral Health  
Frontier Housing, Inc.  
Gateway Area Development District  
Gateway Community Services Organization  
Grant County Public Library  
Grapevine Community Living, Inc.  
Green River Area Development District  
Hancock County Public Library  
Hardin County Master Commissioner's Office  
Henry County Fiscal Court  
Henry County Water District  
Hopkinsville-Christian Planning Commission  
Housing Authority of Greensburg  
Housing Authority of Mayfield  
Housing Authority of Owenton  
Housing Authority of Paducah  
Inter-Modal Transportation Authority  
John L. Street Public Library  
Judy Water Association  
Kentuckiana Regional Planning & Development Agency (KIPDA)  
Kentucky Association of Sexual Assault Programs, Inc.  
Kentucky Bar Association  
Kentucky Council of Area Development Districts  
Kentucky County Judge Executive Association  
Kentucky Crime Prevention Coalition  
Kentucky Housing Corporation

**Agencies Budgeting \$4.25 per Month Less Than Shown Per Employee Eligible for Participation in the State Health Group**

Kentucky Judicial Retirement System  
Kentucky Legal Aid  
Kentucky Legislative Retirement System  
Kentucky River Area Development District  
Kentucky River Community Care  
Knott County Water & Sewer District  
Knox County Utility Commission  
Lake Cumberland Area Development district  
Ledbetter Water District  
Lee County Conservation District  
Lewis County Public Library  
Lincoln Trail Area Development District  
Livingston County Fiscal Court  
Logan Todd Regional Water Commission  
Low Income Housing of Eastern Kentucky, Inc.  
Lyon County Fiscal court  
Marion County Water District  
Marshall County Fiscal Court  
Marshall County Refuse Disposal District  
McCracken County Clerk's Office  
McCracken County Fiscal Court  
McCracken County Public Library  
McCreary County Conservation District  
Menifee County Public Library  
Morganfield Housing Authority  
North Marshall Water Board  
North Mercer Water District  
Northern Kentucky Legal Aid Society, Inc.  
Office of Kentucky Legal services Programs  
Paul Sawyer Public Library  
Pennyrile Area Development District  
Pennyrile Emergency Assistance Center  
Pike County Senior Citizens Program, Inc.  
Purchase Area Development District  
Reidland-Farley Fire Distict  
Rowan County Public Library  
Russell County Dispatch  
Simpsonville Rural Fire Protection District  
South Anderson Water District  
South Oldham Fire Department  
Three forks Regional Jail  
Warren County Clerk  
Warren County Fiscal Court  
Warren County Sheriff's Office  
Whitley County Water District



Paul E. Patton  
Governor

COMMONWEALTH OF KENTUCKY  
PERSONNEL CABINET  
200 FAIR OAKS LANE  
5TH FLOOR  
FRANKFORT, KENTUCKY 40601

Carol M. Palmore  
Secretary

September 12, 2003

John Cubine  
Legislative Research Commission  
Room 136 Capitol Annex Building  
Frankfort, Kentucky 40601

Dear Mr. Cubine:

Find attached per your request the recommended premiums for the Commonwealth's self-insured workers' compensation program for use in preparing the FB 2004-2006 Budget of the Commonwealth. Actual expenditures during the fiscal year ending June 30, 2003 were approximately \$19.3 million, \$2 million more than budgeted agency premiums. The Cabinet projects expenditures of approximately \$21.3 million in FY 2004 with budgeted premiums of only \$18.1 million. The Cabinet has been using reserve funds to make up the difference between budgeted premiums from agencies and actual expenditures over the last few years. Recognizing the budget constraints that agencies are operating under, the Personnel Cabinet plans to use dollars from the Workers' Compensation Reserve to cover the difference between premiums and cost in the current fiscal year. However, the Workers' Compensation Reserve Fund is now down to approximately \$6.7 million. The reserve fund contributed \$4 million to the General Fund as part of the fund transfers directed in House Bill 269 to help offset the Commonwealth's budget deficit, and that partially explains the program's limited reserves. The program had an actuarially projected unreserved total liability of \$78.4 million at COB June 30, 2002. Given the above factors, the Cabinet is requesting payments from agencies of \$24.5 million in FY 2005, and \$28.1 million in FY 2006. The Cabinet believes these amounts will be sufficient to cover anticipated workers' compensation expenditures.

The Cabinet sets premium rates for individual agencies based on an assessment of workers' compensation liability and reserves for claims over the last three fiscal years and the number of employees insured. Agencies with significant changes in premiums have experienced significant increases or decreases in claims and losses during the last three fiscal years.



John Cubine  
September 5, 2003  
Page Two

Any agency with a question about the calculation of its workers' compensation premium for the next biennium should contact Ms. Donna Shelton of the Personnel Cabinet at 564-6847. Please advise if you have any questions or if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Carol M. Palmore". The signature is fluid and elegant, with the first name "Carol" being the most prominent part.

Carol M. Palmore  
Secretary

CMP/HBL/WG:wg

Attachment

Cc: Senator Richie Sanders  
Representative Harry Moberly  
Mary Lassiter  
Beth Jurek  
Bill Hintze  
Randy Smith  
Mark Coleman  
Donna Shelton

WORKERS' COMPENSATION  
PREMIUM ASSESSMENT

| AGENCY                      | PREMIUM FOR<br>2004-2005 | PREMIUM FOR<br>2005-2006 |
|-----------------------------|--------------------------|--------------------------|
| LRC                         | \$ 88,712.13             | \$ 101,750.70            |
| JUD.RET. SYS.               | \$ 321.90                | \$ 369.21                |
| JUDICIARY                   | \$ 574,448.74            | \$ 658,879.01            |
| KY BAR                      | \$ 5,839.92              | \$ 6,698.24              |
| UPS                         | \$ 137,375.47            | \$ 157,566.40            |
| ATT.G.                      | \$ 33,307.45             | \$ 38,202.86             |
| AUDITOR                     | \$ 18,150.81             | \$ 20,818.54             |
| GOV. OFF. TECHNOLOGY        | \$ 74,314.91             | \$ 85,237.43             |
| GOV. OFF. POLICY & MGT.     | \$ 4,613.84              | \$ 5,291.96              |
| GOV. OFF.                   | \$ 5,234.65              | \$ 6,004.02              |
| HOUSING                     | \$ 39,081.59             | \$ 44,825.65             |
| LT. GOV.                    | \$ 554.82                | \$ 636.36                |
| KERS                        | \$ 119,979.45            | \$ 137,613.58            |
| SEC. OF CAB.                | \$ 858.39                | \$ 984.55                |
| LOC. GOVT.                  | \$ 6,974.41              | \$ 7,999.48              |
| SEC. STATE                  | \$ 4,870.59              | \$ 5,586.45              |
| TREASURY                    | \$ 4,882.60              | \$ 5,600.23              |
| WORKCOME/FUND/COMM.         | \$ 1,716.78              | \$ 1,969.10              |
| HUMAN RIGHTS COMM.          | \$ 6,967.60              | \$ 7,991.67              |
| COMM. ON WOMEN              | \$ 1,612.11              | \$ 1,849.05              |
| DEAF COMMISSION             | \$ 28,037.03             | \$ 32,157.80             |
| EDUC. PROF STANDARDS BD     | \$ 4,360.34              | \$ 5,001.21              |
| KY EMERGENCY MED SERVS DEPT | \$ 1,920.84              | \$ 2,203.16              |
| KY AGENCY FOR SUB ABUSE     | \$ 590.76                | \$ 677.59                |
| COU. POST.SEC.EDUC.         | \$ 20,297.62             | \$ 23,280.88             |
| BD KOSHA                    | \$ 1,068.03              | \$ 1,225.01              |
| BD HAIRDRESSERS             | \$ 17,696.01             | \$ 20,296.90             |
| PERSONNEL                   | \$ 23,469.98             | \$ 26,919.51             |
| MILITARY AFFAIRS            | \$ 293,046.75            | \$ 336,117.64            |
| NAT. GUARD (7313) FTE       | \$ 211,611.43            | \$ 242,713.27            |
| EMERG.MANG. (6360) FTE      | \$ 262,289.79            | \$ 300,840.14            |
| JUSTICE                     | \$ 940,381.60            | \$ 1,078,595.30          |
| ST.POLICE                   | \$ 1,271,993.04          | \$ 1,458,945.71          |
| REVENUE                     | \$ 274,251.04            | \$ 314,559.41            |
| EKU(4737) FTE               | \$ 996,982.40            | \$ 1,143,515.07          |
| KSU(1415) FTE               | \$ 193,943.11            | \$ 222,448.13            |
| M.HEAD(3340) FTE            | \$ 579,456.00            | \$ 664,622.23            |
| MURRAY(2892) FTE            | \$ 491,681.36            | \$ 563,946.81            |
| NKU(2414) FTE               | \$ 382,015.87            | \$ 438,163.10            |
| WKU(3993) FTE               | \$ 747,502.19            | \$ 857,367.20            |
| HERT.COUN.                  | \$ 2,575.17              | \$ 2,953.65              |
| EDUC.                       | \$ 109,429.56            | \$ 125,513.10            |
| BLUEGRASS RAPE/CRISIS CTR.  | \$ 2,038.67              | \$ 2,338.31              |
| LIN TRAIL ADVOCACY SUPP.CTR | \$ 1,681.88              | \$ 1,929.07              |
| KET                         | \$ 27,784.12             | \$ 31,867.72             |
| HIST. SOC.                  | \$ 15,748.05             | \$ 18,062.64             |
| LIBRARIES                   | \$ 31,754.55             | \$ 36,421.71             |

WORKERS' COMPENSATION  
PREMIUM ASSESSMENT

| AGENCY                           | PREMIUM FOR<br>2004-2005 | PREMIUM FOR<br>2005-2006 |
|----------------------------------|--------------------------|--------------------------|
| TEACHERS' RET.                   | \$ 9,444.93              | \$ 10,833.11             |
| VETERANS CENTER                  | \$ 411,971.19            | \$ 472,521.14            |
| DNR                              | \$ 556,919.06            | \$ 638,772.90            |
| AGRIC.                           | \$ 172,471.91            | \$ 197,821.17            |
| ECONOMIC DEVELOPMENT             | \$ 13,948.82             | \$ 15,998.96             |
| REGISTRY ELECT.FIN.              | \$ 1,931.37              | \$ 2,215.24              |
| NATURE PRESERVES                 | \$ 2,467.87              | \$ 2,830.59              |
| PUB.SERV.COMM.                   | \$ 21,131.64             | \$ 24,237.49             |
| RACING COMM.                     | \$ 2,962.35              | \$ 3,397.74              |
| PUBLIC ADVOC.                    | \$ 80,671.34             | \$ 92,528.10             |
| PP&R                             | \$ 2,768.44              | \$ 3,175.33              |
| CHARITABLE GAMING                | \$ 109,596.82            | \$ 125,704.95            |
| ABC                              | \$ 48,179.82             | \$ 55,261.10             |
| FIN.INSTIT.                      | \$ 10,386.31             | \$ 11,912.85             |
| HOU.BLDG.CONST.                  | \$ 324,883.63            | \$ 372,633.78            |
| INSURANCE                        | \$ 25,197.98             | \$ 28,901.48             |
| PET.STORAGE TANK                 | \$ 6,437.92              | \$ 7,384.14              |
| MINES                            | \$ 449,727.69            | \$ 515,826.95            |
| FAMILIES & CHILDREN              |                          |                          |
| Office of the Secretary          | \$ 173,783.76            | \$ 199,325.83            |
| Disability Determination         | \$ 51,540.43             | \$ 59,115.65             |
| Community Based Services         | \$ 1,558,243.29          | \$ 1,787,267.93          |
| Family Services & Youth Services | \$ 965.69                | \$ 1,107.62              |
| HEALTH SERVICES                  |                          |                          |
| Office of the Secretary          | \$ 17,874.48             | \$ 20,501.60             |
| Office of Inspector General      | \$ 131,278.67            | \$ 150,573.50            |
| Department for Public Health     | \$ 160,678.50            | \$ 184,294.42            |
| Certificate of Need              | \$ 536.49                | \$ 615.34                |
| Department of MH/MR              | \$ 17,476.12             | \$ 20,044.70             |
| Department for Medicaid Svcs     | \$ 83,178.24             | \$ 95,403.46             |
| Comm on Child w/ Spec Needs      | \$ 21,006.93             | \$ 24,094.44             |
| Office of Aging Services         | \$ 3,004.36              | \$ 3,445.93              |
| Central State Hospital           | \$ 166,942.01            | \$ 191,478.51            |
| Western State Hospital           | \$ 793,096.83            | \$ 909,663.17            |
| Oakwood                          | \$ 1,722,043.84          | \$ 1,975,143.26          |
| Hazelwood                        | \$ 117,240.61            | \$ 134,472.19            |
| KCPC                             | \$ 115,615.91            | \$ 132,608.70            |
| Glasgow                          | \$ 165,322.49            | \$ 189,620.96            |
| LEX-FAY-HEALTH                   | \$ 62,685.56             | \$ 71,898.85             |
| HE.ASST.AUTH.                    | \$ 24,256.02             | \$ 27,821.08             |
| FINANCE                          | \$ 406,090.26            | \$ 465,775.85            |
| KY LOTTERY                       | \$ 57,152.81             | \$ 65,552.91             |
| THE KENTUCKY CENTER              | \$ 46,854.64             | \$ 53,741.16             |
| JEFF. CO. CLERK                  | \$ 52,642.02             | \$ 60,379.15             |
| JEFF.CO.SHER.                    | \$ 168,348.65            | \$ 193,091.89            |
| KENTON CLERK                     | \$ 5,631.92              | \$ 6,459.68              |
| KENT.SHERIFF                     | \$ 11,336.54             | \$ 13,002.74             |

WORKERS' COMPENSATION  
PREMIUM ASSESSMENT

| AGENCY                    | PREMIUM FOR<br>2004-2005 | PREMIUM FOR<br>2005-2006 |
|---------------------------|--------------------------|--------------------------|
| CAMPB. CLERK              | \$ 3,563.94              | \$ 4,087.76              |
| CAMPB. SHERIFF            | \$ 4,608.81              | \$ 5,286.20              |
| FAY. CLERK                | \$ 14,401.49             | \$ 16,518.17             |
| FAY. SHERIFF              | \$ 83,935.21             | \$ 96,271.69             |
| DAV. CLERK                | \$ 3,826.07              | \$ 4,388.41              |
| DAV. SHERIFF              | \$ 42,013.78             | \$ 48,188.81             |
| PIKE CLERK                | \$ 22,076.88             | \$ 25,321.66             |
| PIKE. SHER.               | \$ 35,413.11             | \$ 40,618.00             |
| HARDIN CLERK              | \$ 4,375.43              | \$ 5,018.52              |
| HARDIN SHERIFF            | \$ 6,324.14              | \$ 7,253.64              |
| WARREN CLERK              | \$ 3,218.96              | \$ 3,692.07              |
| WARREN SHERIFF            | \$ 8,983.07              | \$ 10,303.37             |
| BOONE CLERK               | \$ 3,970.05              | \$ 4,553.55              |
| BOONE SHERIFF             | \$ 18,983.80             | \$ 21,773.97             |
| CHRISTIAN CLERK           | \$ 2,789.76              | \$ 3,199.79              |
| CHRISTIAN SHERIFF         | \$ 4,077.35              | \$ 4,676.62              |
| MADISON CLERK             | \$ 3,266.36              | \$ 3,746.44              |
| MADISON SHERIFF           | \$ 2,575.17              | \$ 2,953.65              |
| CORR.                     | \$ 2,085,534.32          | \$ 2,392,058.18          |
| FAIR BD.                  | \$ 270,532.28            | \$ 310,294.08            |
| FISH & WILDLIFE           | \$ 275,752.33            | \$ 316,281.35            |
| HORSE PARK                | \$ 84,649.34             | \$ 97,090.78             |
| PARKS                     | \$ 816,412.69            | \$ 936,405.90            |
| TOURISM                   | \$ 8,811.52              | \$ 10,106.60             |
| LABOR                     | \$ 133,636.33            | \$ 153,277.69            |
| TRAINING/REEMP.           | \$ 5,221.81              | \$ 5,989.29              |
| WORKFORCE/CAB./SEC.       | \$ 19,509.54             | \$ 22,376.98             |
| ADULT/EDUC/LIT            | \$ -                     | \$ -                     |
| ADULT/TECH./EDUC.         | \$ 197,278.44            | \$ 226,273.67            |
| VOC. REHAB                | \$ 57,463.49             | \$ 65,909.26             |
| DEPT. BLIND               | \$ 12,098.23             | \$ 13,876.38             |
| EMPLOYMENT SERVICES       | \$ 185,021.62            | \$ 212,215.39            |
| KCTCS (6734) FTE          | \$ 1,366,886.51          | \$ 1,567,786.27          |
| KY COAL COUNTY DEV        | \$ 90.00                 | \$ 90.00                 |
| MILITARY AFFAIRS COMM.    | \$ 70.00                 | \$ 70.00                 |
| KY INFRASTRUCTURE AUTH    | \$ 160.00                | \$ 160.00                |
| SCHOOL FAC. CONST. COMM.  | \$ 70.00                 | \$ 70.00                 |
| BD. ACCT.                 | \$ 80.00                 | \$ 80.00                 |
| BD OF ELECTIONS           | \$ 200.00                | \$ 200.00                |
| ETHICS COMMISSION         | \$ 100.00                | \$ 100.00                |
| BD OF AUCTION.            | \$ 90.00                 | \$ 90.00                 |
| BOARD OF ARCHITECTS       | \$ 50.00                 | \$ 50.00                 |
| CRIME VICTIMS             | \$ 230.00                | \$ 230.00                |
| BD OF CHIRO EXAM          | \$ 70.00                 | \$ 70.00                 |
| BD NURSING                | \$ 650.00                | \$ 650.00                |
| BD. OF LICENSURE/SOC.WORK | \$ 110.00                | \$ 110.00                |
| BD LICENSURE/NURSING HOME | \$ 130.00                | \$ 130.00                |



WORKERS' COMPENSATION  
PREMIUM ASSESSMENT

| AGENCY                       | PREMIUM FOR<br>2004-2005 | PREMIUM FOR<br>2005-2006 |
|------------------------------|--------------------------|--------------------------|
| BD. OF DENTISTRY             | \$ 70.00                 | \$ 70.00                 |
| BD BAR EXAMINERS             | \$ 90.00                 | \$ 90.00                 |
| BD. OF EMBALMERS             | \$ 70.00                 | \$ 70.00                 |
| BD. LAND. ARCH.              | \$ 50.00                 | \$ 50.00                 |
| BD OF LIC. HEARING DEALERS   | \$ 110.00                | \$ 110.00                |
| BD. OF INTERP/DEAF/HEARING   | \$ 110.00                | \$ 110.00                |
| BD. SPEECH LAN.PATH&AUDIO.   | \$ 120.00                | \$ 120.00                |
| BD. OPTH. DISP.              | \$ 90.00                 | \$ 90.00                 |
| BD. OPTO. EXAM.              | \$ 50.00                 | \$ 50.00                 |
| PERSONNEL BD.                | \$ 100.00                | \$ 100.00                |
| BD. PHARMACY                 | \$ 130.00                | \$ 130.00                |
| BD. PHYS. THER.              | \$ 60.00                 | \$ 60.00                 |
| BD. OF PSYCHOLOGY            | \$ 130.00                | \$ 130.00                |
| ENVIR/QUAL/COMM.             | \$ 150.00                | \$ 150.00                |
| BD. PROP. EDUC.              | \$ 140.00                | \$ 140.00                |
| BD. PROF. ENGR.&LAND SURVEY  | \$ 150.00                | \$ 150.00                |
| BD. VET. EXAM.               | \$ 120.00                | \$ 120.00                |
| BD.MED.LICENSEURE            | \$ 330.00                | \$ 330.00                |
| BD. BARBERING                | \$ 190.00                | \$ 190.00                |
| FLOOD CONTROL ADVISORY COUN  | \$ 200.00                | \$ 200.00                |
| BOARD OF PRIVATE INVESTIGATE | \$ 110.00                | \$ 110.00                |
| KY COMM SMALL BUS ADVOCACY   | \$ 50.00                 | \$ 50.00                 |
| GOVS OFFICE OF CHILD ABUSE   | \$ 80.00                 | \$ 80.00                 |
| KY APPALACHIAN COMM          | \$ 80.00                 | \$ 80.00                 |
| BD AGRICULTURE DEVELOPMENT   | \$ 190.00                | \$ 190.00                |
| OFFICE OF CHILDHOOD DEVEL    | \$ 140.00                | \$ 140.00                |
| BD. TAX APPEAL               | \$ 110.00                | \$ 110.00                |
| PASTORAL COUN.               | \$ 90.00                 | \$ 90.00                 |
| REAL EST. APPRAISERS BD.     | \$ 80.00                 | \$ 80.00                 |
| REAL EST. COMM.              | \$ 170.00                | \$ 170.00                |
| VOL.FIRE                     | \$ 2,243,761.13          | \$ 2,573,456.64          |
| VOL.AMBUL.                   | \$ 14,015.51             | \$ 16,074.93             |
| <br>TOTALS                   | <br>\$ 24,500,000.00     | <br>\$ 28,100,000.00     |

## SALARY AND FRINGE BENEFIT COST ESTIMATES ASSUMPTIONS

For purposes of the biennial budget request process, salary and fringe benefit costs are projected for each agency for the current fiscal year and for the next two fiscal years. The procedures used in calculations reflect actual costs. If actual costs are not known, the assumptions in the budget instructions are used. Questions or problems concerning the program should be referred to Rachelle Wilkins in the Office of the State Budget Director at 564-7300.

The details of the specific assumptions used in calculations are as follows:

| ITEM   | ASSUMPTION   |
|--|--|
| Vacant Positions                               | <p>The annual salary for a vacant position is calculated using the entry salary of the pay grade for that job class or the special entry rate approved by the Personnel Cabinet. The increment cost calculation for a permanent full-time vacant position assumes an increment is awarded after the six-month probationary period, then the same annual increments as other permanent full-time positions; same process for part-time vacant. All vacancies will be assumed to be filled July 1, 2003.</p> <p>Retirement, health, and life insurance rates as shown below are assumed for only permanent full-time vacant positions.</p> |
| Permanent Full-Time and Probationary Full-Time | Salary is calculated one of two ways. If the employee is salaried, the annual salary is the monthly salary times twelve. If the employee is hourly, the annual salary is the hourly rate times <b>1,950</b> hours per year.  |
| Permanent Part-Time and Probationary Part-Time | Salary is calculated one of two ways. Hourly positions are calculated at <b>1,040 or 975</b> hours (50%) of a 40-hour and 37.5-hour week, respectively, and salaried employees are calculated at six months.   |
| Interim  | Interim employees are calculated at <b>1,560.0 or 1,462.5</b> hours (75%) of a 40-hour or 37.5-hour week, respectively, if they are hourly employees and nine months if they are salaried employees. No annual cost increases are calculated for interim positions.  |

| ITEM   | ASSUMPTION   |      |    |          |        |           |    |              |    |
|--|--|------|----|----------|--------|-----------|----|--------------|----|
| <p>FRINGE AND OTHER PERSONNEL OVERHEAD COST FACTORS</p> <p>Annual Increments</p> | <p>For defined calculation budget requests and growth budget requests, increment costs are calculated at 5% of gross salary. The calculation is based on each employee's increment date (e.g., August 1 results in 10½ months at the higher rate). No increment costs are provided for Interim employees.</p> <p>For constitutional officers eligible for an inflation indexed salary increment under current statutes, we will use a 2% factor each year for projection purposes as prescribed by the 2002-04 Biennial Budget Instructions. These employees are the seven elected officials in the Executive Branch. [See KRS 64.480 (2) (3) (4)]. Commonwealth Attorneys, County Attorneys, and Property Valuation Administrators fall into this category also. Elected officials will have a January 1 increment date.</p>  |      |    |          |        |           |    |              |    |
| <p>Probationary Increments</p>   | <p>Probationary increments are figured at 5% after 6 months. Initial probationary increments are calculated at 5%.</p>   |      |    |          |        |           |    |              |    |
| <p>FICA and/or Medicare</p>  | <p>FICA is calculated using</p> <ul style="list-style-type: none"> <li>6.20% with a maximum salary of \$88,500 for FY 2004.</li> <li>6.20% with a maximum salary of \$91,800 for FY 2005.</li> <li>6.20% with a maximum salary of \$95,700 for FY 2006.</li> </ul> <p>Medicare is calculated using 1.45% of total taxable wages. Employees whose record indicated Medicare only (generally, TRS members hired after April 1, 1986) will have this calculation applied.</p> <p>NOTE: Employee contributions to Retirement are excluded from FICA and Medicare calculations. The employee contribution is calculated using the following current rates:</p> <table data-bbox="806 1122 1094 1252"> <tr> <td>KERS</td><td>5%</td></tr> <tr> <td>Teachers</td><td>9.855%</td></tr> <tr> <td>Hazardous</td><td>8%</td></tr> <tr> <td>State Police</td><td>8%</td></tr> </table> | KERS | 5% | Teachers | 9.855% | Hazardous | 8% | State Police | 8% |
| KERS   | 5%   |      |    |          |        |           |    |              |    |
| Teachers   | 9.855%   |      |    |          |        |           |    |              |    |
| Hazardous  | 8%   |      |    |          |        |           |    |              |    |
| State Police   | 8%   |      |    |          |        |           |    |              |    |

| ITEM       | ASSUMPTION   |                 |                 |                 |
|------------|--|-----------------|-----------------|-----------------|
| Retirement | Retirement is calculated based on current employer contribution rate times any salary plus any increment. Retirement costs are calculated for all permanent, full-time employees. The following table shows the employee-share retirement rates used for filled positions: |                 |                 |                 |
|            | <u>Retirement Program</u>  | <u>FY 03-04</u> | <u>FY 04-05</u> | <u>FY 05-06</u> |
|            | KERS Non-Hazardous   | 5.89%           | 9.92%           | 12.19%          |
|            | KERS Hazardous   | 18.84%          | 20.52%          | 21.84%          |
|            | KTRS (teachers)  | 13.105%         | 13.105%         | 13.105%         |
|            | State Police   | 21.58%          | 27.27%          | 32.72%          |
|            |  |                 |                 |                 |

sp/bj/13

Commonwealth of Kentucky  
**GOVERNOR'S OFFICE FOR TECHNOLOGY**  
**Office of Administrative Services**


Aldona K. Valicenti  
Chief Information Officer

1025 Capital Center Drive  
Frankfort, KY 40601-8205  
(502) 573-6806, ext 403

Terry Thompson, Executive Dir.  
Office of Administrative Services

**MEMORANDUM**

TO: John Cubine  
LRC

FROM: Terry Thompson, Executive Director  
Office of Administrative Services 

SUBJECT: Aids to Calculations  
2006-2008 Biennial Budget

DATE: July 16, 2003

In anticipation of the issuance of the budget instructions, the following information should be used to determine the cost of Governor's Office for Technology charges:

**FY04 Rates-** Rates for Mainframe (reduced by \$100 per cpu hour), Disk Services (from \$0.19 to \$0.15), Tape Services (from \$1.60 to \$1.50), Long Distance (from \$0.065 to \$0.06), and On-line transactions (from \$68 to \$66) have been reduced. This reduction in rates will create a substantial savings to customers.

In FY05 The Governor's Office for Technology plans to implement a new method of recovering certain costs not directly associated with service delivery. The Governor's Office for Technology and the Chief Information Officer have the responsibility by statute to provide leadership, governance, and stewardship roles to the Commonwealth for the use of technology. This cost, "enterprise cost", will be billed separately from direct services provided to all executive branch agencies.

This change allows GOT the ability to offer more competitive rates with the private sector, and distribute the cost of the "enterprise" to all who benefit on a more equal basis. The overall net affect of this restructuring to GOT will be \$0. There will be changes to other service rates to compensate for the amount billed to agencies for the "enterprise costs," and rising costs of certain services.

**Enterprise Assessment** – Agencies should include as part of their computer services budget request, an annual assessment of \$100/per personnel cap position.

**Telecommunications** – Telecommunications includes voice, data, and video communications. The actual costs for telecommunications will depend upon individual rated services and/or usage increases/decreases. For budgetary purposes (because of the enterprise assessment), agencies can plan on a decrease in Local Service Charges from \$24.00 to \$20.00 per line per month for FY 05 and FY 06. All other rates should remain the same based upon consistent utilization of services.

**Computer Services** – The rates for computer-related services will be published at the beginning of each fiscal year. The actual rates will be based upon individual rates and/or usage increases and decreases. For budgetary purposes (because of the enterprise assessment) Rates for Mainframe (reduced \$300 per cpu hr.), On Line Transactions (reduced \$11.00 from \$66 to \$55), Disk Services (from \$0.15 to \$0.12), and Tape Services (from \$1.50 to \$1.40) will be reduced at the beginning of FY05 for the next biennium. All other computer service rates should remain the same.

**Professional Services** – Agencies can plan on an increase in rates for Professional Services beginning in FY05. Professional Support Services I rates will increase from \$48 to \$55 per hour. Professional Support Services II and Data Base Analyst rates will increase from \$55 to \$60 per hour. This increase is necessary due to the increase in cost for staff who have the knowledge to deliver consulting and development services.

Again, please understand, the net affect of all these changes to GOT in FY05 and FY06 will be \$0. Please give me a call if you have any questions or need further information.



PAUL E. PATTON  
GOVERNOR

**OFFICE OF THE SECRETARY**  
FINANCE AND ADMINISTRATION CABINET  
383 CAPITOL ANNEX  
FRANKFORT, KENTUCKY 40601  
(502) 564-4240  
(502) 564-6785 FAX  
September 9, 2003

GORDON C. DUKE  
SECRETARY

Mr. John Cubine  
Deputy Director, Budget Review  
Legislative Research Commission  
Room 136, Capitol Annex  
Frankfort, Kentucky 40601

Dear <sup>John</sup>Mr. Cubine:

This is to provide the Calculation Guidelines for State-Owned Space Rental and Utilities for use in the preparation of agency budget requests for Fiscal Biennium 2004-06.

These rates were arrived at through a detailed projection of the minimum budgetary needs of the Department of Facilities Management using the Budget Instructions and Calculation Guidelines that have previously been provided, along with a building-by-building analysis of revenue to be produced via the specified rates. We recommend that the following information be provided to the agencies:

**State-Owned Space Rental/Utility Charges** - The Finance and Administration Cabinet will charge for occupancy of state-owned space in two separate categories for the 2004-06 biennium; 1) rent and 2) utilities. Rate assumptions provide generally for a three percent (3%) increase in each fiscal year for rent, and a one percent (1%) increase in each fiscal year for utilities. Agencies that occupy space in Capital Plaza Fountain Place should budget using the All Other Rental Rates. Agencies are also reminded that the Utilities Rates apply to all space categories, including Storage Space, when such space is heated and air-conditioned.

**Rental Rates** - 2004-06 Biennium (All Rates Are per Square Foot)

|                    | <u>Office</u>  |                | <u>Special</u> |                | <u>Storage</u> |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                    | <u>2004-05</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2004-05</u> | <u>2005-06</u> |
| Library & Archives | \$ 8.32        | \$ 8.57        | \$ 5.42        | \$ 5.58        | \$ 3.74        | \$ 3.85        |
| Central Laboratory | \$ 7.39        | \$ 7.61        | \$ 7.39        | \$ 7.61        | \$ 3.74        | \$ 3.85        |
| History Center     | \$ 7.24        | \$ 7.46        | \$ 7.24        | \$ 7.46        | \$ 3.74        | \$ 3.85        |
| All Others         | \$ 8.32        | \$ 8.57        | \$ 3.27        | \$ 3.36        | \$ 3.74        | \$ 3.85        |



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Mr. John Cubine  
September 9, 2003  
Page 2

**Utilities Rates** - 2004-06 Biennium (All Rates Are per Square Foot)

|                    | <u>Utilities</u> |                |
|--------------------|------------------|----------------|
|                    | <u>2004-05</u>   | <u>2005-06</u> |
| Library & Archives | \$ 3.17          | \$ 3.20        |
| Central Laboratory | \$ 7.53          | \$ 7.61        |
| History Center     | \$ 3.17          | \$ 3.20        |
| All Others         | \$ 3.17          | \$ 3.20        |

If you have questions, please feel free to contact me.

Sincerely,



Glenn B. Mitchell  
Deputy Secretary

c: Secretary Duke  
Bill Hintze  
Allen Holt  
Jamie Link





Commonwealth of Kentucky  
**Transportation Cabinet**  
Frankfort, Kentucky 40622

James C. Codell, III  
Secretary of Transportation

Paul E. Patton  
Governor

Clifford C. Linkes, P.E.  
Deputy Secretary

July 7, 2003

Mr. John Cubine, Deputy Director  
Legislative Research Commission  
LRC Office of Budget Review  
Capitol Annex, Room 136  
Frankfort, Kentucky 40601

RE: Calculation Guideline for Motor Pool Rental

Dear Mr. Cubine:

In response to your May 30, 2003 memorandum in which you requested Motor Pool rental charges, the Transportation Cabinet recommends no increase in the current rate for the state Motor Pool for FY 2003-04, FY 2004-05, and FY 2005-06. The current rate is estimated to cover all costs of ownership for the current fleet. In addition to operating costs, the rate also covers replacement costs for aged and high mileage vehicles, in order to keep the fleet safe and reliable for state employees.

If you have any questions, please feel free to call me.

Sincerely,

Debra Gabbard, Executive Director  
Office of Policy and Budget

DG/kh

c: James C. Codell, III, Secretary  
Clifford C. Linkes  
Mary Lassiter  
Ed Roberts

*See Attached  
sheet*



KENTUCKY TRANSPORTATION CABINET  
"PROVIDE A SAFE, EFFICIENT, ENVIRONMENTALLY SOUND, AND FISCALLY RESPONSIBLE TRANSPORTATION SYSTEM  
WHICH PROMOTES ECONOMIC GROWTH AND ENHANCES THE QUALITY OF LIFE IN KENTUCKY."  
"AN EQUAL OPPORTUNITY EMPLOYER M/F/D"

# Statewide Motor Pool Rates

| <u>Rate Description</u>   | <u>Rate Code</u> | <u>Monthly Minimum</u> | <u>Per Mile Rate</u> | <u>Mileage Threshold</u> | <u>Rate Beyond Threshold</u> |
|---------------------------|------------------|------------------------|----------------------|--------------------------|------------------------------|
| MID SIZE SEDAN            | 800              | \$313.67               | \$0.297              | 1056                     | \$0.124                      |
| MID SIZE SEDAN E-85       | 801              | \$313.67               | \$0.297              | 1056                     | \$0.124                      |
| FULL SIZE SEDAN           | 802              | \$403.95               | \$0.352              | 1148                     | \$0.129                      |
| SPORT COUPE               | 803              | \$336.40               | \$0.324              | 1038                     | \$0.139                      |
| PURSUIT VEHICLES          | 804              | \$414.34               | \$0.382              | 1085                     | \$0.154                      |
| COMPACT CARGO VAN         | 810              | \$333.52               | \$0.321              | 1039                     | \$0.137                      |
| 1/2 TON CARGO VAN         | 811              | \$344.50               | \$0.353              | 976                      | \$0.163                      |
| 3/4 TON CARGO VAN         | 812              | \$366.79               | \$0.365              | 1005                     | \$0.163                      |
| 7 PASS VAN                | 813              | \$365.29               | \$0.336              | 1087                     | \$0.135                      |
| 7 PASS VAN WC             | 814              | \$539.45               | \$0.437              | 1234                     | \$0.141                      |
| 12-15 PASS VAN            | 815              | \$405.15               | \$0.406              | 998                      | \$0.184                      |
| 12-15 PASS VAN WC         | 816              | \$579.23               | \$0.507              | 1142                     | \$0.190                      |
| 15 PASS VN CONV LX WC     | 817              | \$1,016.49             | \$0.752              | 1352                     | \$0.199                      |
| 15 PASS VN CONV WC        | 818              | \$620.09               | \$0.533              | 1163                     | \$0.194                      |
| COMPACT UTIL 2WD          | 820              | \$354.85               | \$0.337              | 1053                     | \$0.141                      |
| COMPACT UTIL 4WD          | 821              | \$376.37               | \$0.363              | 1037                     | \$0.156                      |
| MID SIZE UTIL 2WD         | 822              | \$461.77               | \$0.415              | 1113                     | \$0.162                      |
| MID SIZE UTIL 4WD         | 823              | \$486.52               | \$0.429              | 1134                     | \$0.162                      |
| FULL SIZE UTIL 2WD        | 824              | \$514.14               | \$0.453              | 1135                     | \$0.171                      |
| FULL SIZE UTIL 4WD        | 825              | \$558.15               | \$0.477              | 1170                     | \$0.171                      |
| COMPACT TRUCK 2WD         | 830              | \$277.74               | \$0.283              | 981                      | \$0.129                      |
| COMPACT TRUCK 4WD         | 831              | \$299.34               | \$0.300              | 998                      | \$0.135                      |
| 1/2 TON TRUCK 2WD         | 832              | \$311.27               | \$0.321              | 970                      | \$0.149                      |
| 1/2 TON TRUCK 4WD         | 833              | \$354.12               | \$0.360              | 984                      | \$0.165                      |
| 3/4 TON TRUCK 2WD         | 834              | \$358.22               | \$0.362              | 990                      | \$0.165                      |
| 3/4 TON TRUCK 4WD         | 835              | \$408.09               | \$0.420              | 972                      | \$0.196                      |
| 3/4 TON CREW CAB 2WD      | 836              | \$403.75               | \$0.395              | 1022                     | \$0.173                      |
| 3/4 TON CREW CAB 4WD      | 837              | \$453.62               | \$0.445              | 1019                     | \$0.196                      |
| 1 TON CREW CAB 4WD DIESEL | 838              | \$490.62               | \$0.483              | 1016                     | \$0.214                      |
| 3/4 TON UTIL BED          | 839              | \$534.75               | \$0.506              | 1057                     | \$0.214                      |
| COMPACT TRUCK E-85 2WD    | 840              | \$277.74               | \$0.294              | 945                      | \$0.141                      |
| 16-34 PASS BUS WC         | 850              | \$572.65               | \$0.578              | 991                      | \$0.284                      |
| 16-34 PASS BUS            | 851              | \$522.75               | \$0.551              | 949                      | \$0.284                      |
| 35-66 PASS BUS            | 852              | \$595.42               | \$0.590              | 1009                     | \$0.284                      |
| 35-66 PASS BUS WC         | 853              | \$635.92               | \$0.612              | 1039                     | \$0.284                      |
| 16-34 PASS BUS LX WC      | 854              | \$1,332.59             | \$1.030              | 1294                     | \$0.153                      |
| 67-71 PASS BUS            | 855              | \$622.46               | \$0.604              | 1031                     | \$0.284                      |
| MP - MID SIZE SEDAN E-85  | 901              | N/A                    | \$0.30               | N/A                      | N/A                          |
| MP - COMPACT CARGO VAN    | 910              | N/A                    | \$0.32               | N/A                      | N/A                          |
| MP - 1/2 TON CARGO VAN    | 911              | N/A                    | \$0.35               | N/A                      | N/A                          |
| MP - 3/4 TON CARGO VAN    | 912              | N/A                    | \$0.37               | N/A                      | N/A                          |
| MP - 7 PASS VAN           | 913              | N/A                    | \$0.34               | N/A                      | N/A                          |
| MP - 12-15 PASS VAN       | 915              | N/A                    | \$0.41               | N/A                      | N/A                          |
| MP - 12-15 PASS VAN WC    | 916              | N/A                    | \$0.51               | N/A                      | N/A                          |
| MP - COMPACT UTIL 4WD     | 921              | N/A                    | \$0.36               | N/A                      | N/A                          |
| MP - 3/4 TON TRUCK 2WD    | 934              | N/A                    | \$0.36               | N/A                      | N/A                          |



PAUL E. PATTON  
GOVERNOR

**OFFICE OF THE SECRETARY**  
FINANCE AND ADMINISTRATION CABINET  
383 CAPITOL ANNEX  
FRANKFORT, KENTUCKY 40601  
(502) 564-4240  
(502) 564-6785 FAX

SECRETARY

July 24, 2003

Mr. John Cubine, Deputy Director  
Office of Budget Review  
Legislative Research Commission  
702 Capitol Avenue  
Frankfort, Kentucky 40601

Dear John:

Please find enclosed the Fiscal Year 2004-2006 Debt Service Template Forecast for calculating debt service appropriations for new bond funded capital projects in the coming biennium. The standard, 20-year, level debt, tax-exempt rate is recommended to be 6.80 percent versus 6.25 percent in the previous biennium. The higher rate results because of extremely high levels of yield volatility in the fixed income markets and yield compression between tax-exempt and taxable securities. Yield compression is where tax-exempt securities yield returns almost equivalent to high quality U.S. government securities, despite the tax-exempt status of the bonds. Yield compression occurs for a variety of reasons including the absolute low levels of interest rates, credit concerns caused by fiscal stress and expectations for changes in tax structure. In fact, since the template was created, tax-exempt yields have increased 23 percent in the ten-year maturity (approximately 70 basis points) and over 10 percent (45 basis points) in the twenty-year maturity.

The Office of Financial Management historically has reviewed four different forecasting methodologies before arriving at a recommended rate structure:

- DRI-McGraw Hill's interest rate forecast over the applicable time period plus 150 basis points. Results in a projected 20-year tax-exempt interest rate of 6.80 percent.
- Bloomberg Municipal Forward Yield Curve. Generates an estimated 20-year tax-exempt interest rate of 7.00 percent.
- Bloomberg Taxable Swap Yield Curve adjusted for applicable tax-exempt relationships. Depending on the ratio assumptions generates estimates ranging from 6.30 to 6.80 percent.
- The Bond Buyer 20 General Obligation Average yield plus the historical average template spread, which has been approximately 150-160 basis points. The result is 20-year tax-exempt interest rates ranging from 6.80-6.90 percent.



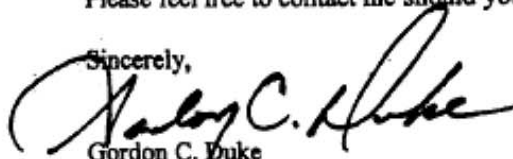
An Equal Opportunity Employer M/F/D

Mr. John Cubine  
Page 2  
July 24, 2003

While the Federal Reserve recently cut the Fed Funds Rate to one percent, Chairman Greenspan's July semi-annual commentary to Congress suggests that growth should begin to accelerate very soon and that the Fed will err on the side of inflation versus deflation. Once growth starts gaining momentum and hints of inflation begin to appear, the bond market will react very swiftly in adjusting interest rates higher, as we have seen in the past few weeks. In order to provide sufficient funding for the Commonwealth's bond funded capital investments, the Finance Cabinet has always taken a conservative approach to ensure we don't find ourselves in the position of having to cut projects after they have been approved. Both the rating agencies and investors take comfort in the fact that we provide sufficient debt service coverage in the event of market dislocations.

Please feel free to contact me should you have any questions or concerns.

Sincerely,



Gordon C. Duke  
Secretary

c: Mary Lassiter, Acting State Budget Director  
George R. Burgess, Executive Director, Office of Financial Management

Enclosure

BASIC ASSUMPTIONS WILL VARY ON THE BASIS OF TAXABLE VS TAX-EXEMPT BONDS.  
THE NATURE OF THE PROJECTS WILL DETERMINE WHICH ASSUMPTIONS APPLY.

THE SECOND MAJOR VARIATION DEPENDS ON THE NEED FOR FUNDING A DEBT SERVICE RESERVE.  
RESERVES WILL BE NECESSARY ONLY WHEN EXISTING INDENTURES REQUIRE THEM (IE. UNIVERSITY CEBRB ISSUES.)  
THE SIZING BELOW PROVIDES FOR A DEBT SERVICE RESERVE BASED UPON HIGHEST PRINCIPAL AND INTEREST IN ANY YEAR  
FOR UNIVERSITY ISSUES & 10 % RESERVES ON ALL OTHERS.

THE ESTIMATES VARY BY THE EXPECTED REPAYMENT PERIOD WHICH SHOULD EQUAL THE USEFUL LIFE OF THE PROJECT.

THIS WORKSHEET HAS BEEN DESIGNED TO CALCULATE BOND SIZE AND NET DEBT SERVICE, GIVEN THE PROJECT AMOUNT.

ANNUAL DEBT SERVICE ESTIMATES ARE ROUNDED TO THE NEXT \$1,000 FOR BUDGETARY CONVENIENCE.

**TAX-EXEMPT PROJECTS**

| REPAYMENT<br>PERIOD<br>----- | PROJECT<br>COST<br>----- | BOND SIZE<br>WITH<br>DS RESERVE<br>----- | BOND SIZE<br>WITHOUT<br>DS RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITH RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITHOUT RESERVE<br>----- |
|------------------------------|--------------------------|--|---|---|--|
| 20 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$110,000   | \$100,000  |
| 10 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$163,000   | \$147,000  |
| 7 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$208,000   | \$188,000  |
| 5 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$274,000   | \$246,000  |

**UNIVERSITY ISSUES  
(TAX-EXEMPT)**

| REPAYMENT<br>PERIOD<br>----- | PROJECT<br>COST<br>----- | BOND SIZE<br>WITH<br>DS RESERVE<br>----- | BOND SIZE<br>WITHOUT<br>DS RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITH RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITHOUT RESERVE<br>----- |
|------------------------------|--------------------------|--|---|---|--|
| 20 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$110,000   | \$100,000  |
| 10 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$162,000   | \$147,000  |
| 7 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$207,000   | \$188,000  |
| 5 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$272,000   | \$246,000  |

**TAXABLE PROJECTS**

| REPAYMENT<br>PERIOD<br>----- | PROJECT<br>COST<br>----- | BOND SIZE<br>WITH<br>DS RESERVE<br>----- | BOND SIZE<br>WITHOUT<br>DS RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITH RESERVE<br>----- | NET<br>DEBT SERVICE<br>REQUIREMENT<br>WITHOUT RESERVE<br>----- |
|------------------------------|--------------------------|--|---|---|--|
| 20 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$122,000   | \$111,000  |
| 10 YEARS                     | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$174,000   | \$158,000  |
| 7 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$221,000   | \$200,000  |
| 5 YEARS                      | \$1,000,000              | \$1,140,000                              | \$1,020,000                                 | \$288,000   | \$259,000  |

**ASSUMPTIONS**

| PROJECT<br>LIFE (YEARS)<br>----- | INTEREST RATES ON BONDS<br>TAX-EXEMPT<br>----- | INTEREST RATES ON BONDS<br>TAXABLE<br>----- | DISCOUNT &<br>ISSUE COSTS<br>----- | INTEREST RATES<br>ON DS RESERVES<br>----- | ANNUAL<br>BANK FEES<br>-----             |
|----------------------------------|--|---|------------------------------------|---|--|
| 20                               | 6.800%   | 8.150%                                      | 2.000%                             | 1.000%                                    | 0.05%<br>OF BOND SIZE<br>\$5,000 MINIMUM |
| 10                               | 6.500%   | 8.000%                                      | 2.000%                             | 1.000%                                    |  |
| 7                                | 5.900%   | 7.750%                                      | 2.000%                             | 1.000%                                    |  |
| 5                                | 5.800%   | 7.750%                                      | 1.500%                             | 1.000%                                    |  |



**Office of State Budget Director**

Capitol Building, 700 Capitol Avenue  
Frankfort, Kentucky 40601


**Paul E. Patton**  
Governor

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**Mary E. Lassiter**  
Acting State Budget  
Director

Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
Governor's Office for Policy Research

TO: John Cubine  
Deputy Director, Budget Review  
Legislative Research Commission

FROM: Mary Lassiter   
Acting State Budget Director

DATE: September 9, 2003

SUBJECT: Aids to Calculations  
Governmental Services Center  
Agency Rates for FY 04, FY 05 and FY 06

This is to advise that Governmental Services Center charges for FY 04, FY 05, and FY 06 will be held at the total charged and paid by each agency for FY 03.

Attached you will find a listing of FY 03 actual payments and projected charges for FY 04, FY 05 and FY 06.

If you have further questions, please do not hesitate to contact me.

sp/bj/033

Attachment



| <b>GSC Revenues</b>                                | <b>FY</b>   | <b>FY</b>   | <b>FY</b>   | <b>FY</b>   |
|--|-------------|-------------|-------------|-------------|
|  | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> |
| 010-LRC  | 13,537.16   | 13,537.16   | 13,537.16   | 13,537.16   |
| 025-Judiciary                                      | 2,250.00    | 2,250.00    | 2,250.00    | 2,250.00    |
| 035-Agriculture                                    | 11,069.60   | 11,069.60   | 11,069.60   | 11,069.60   |
| 040-Attorney General                               | 5,100.00    | 5,100.00    | 5,100.00    | 5,100.00    |
| 045-Auditor  | 5,072.16    | 5,072.16    | 5,072.16    | 5,072.16    |
| 066-Registry of Election Finance                   | 651.16      | 651.16      | 651.16      | 651.16      |
| 074-Veterans Affairs                               | 25,874.80   | 25,874.80   | 25,874.80   | 25,874.80   |
| 075-KHEAA  | 4,318.18    | 4,318.18    | 4,318.18    | 4,318.18    |
| 079-GOT  | 16,176.04   | 16,176.04   | 16,176.04   | 16,176.04   |
| 080-Kentucky Housing Corporation                   | 2,850.00    | 2,850.00    | 2,850.00    | 2,850.00    |
| 082-KY Infrastructure Authority                    | 411.24      | 411.24      | 411.24      | 411.24      |
| 084-KY River Authority                             | 342.72      | 342.72      | 342.72      | 342.72      |
| 095-Military Affairs                               | 18,369.40   | 18,369.40   | 18,369.40   | 18,369.40   |
| 100-Kentucky Retirement Systems                    | 8,019.48    | 8,019.48    | 8,019.48    | 8,019.48    |
| 112-Department for Local Government                | 2,330.44    | 2,330.44    | 2,330.44    | 2,330.44    |
| 150-Bd of Accountants                              | 137.08      | 137.08      | 137.08      | 137.08      |
| 155-Bd of Auctioneers                              | 102.80      | 102.80      | 102.80      | 102.80      |
| 165-Bd of Barbering                                | 102.80      | 102.80      | 102.80      | 102.80      |
| 170-Bd of Chiropractors                            | 102.80      | 102.80      | 102.80      | 102.80      |
| 175-Crime Victims Compensation Board               | 685.44      | 685.44      | 685.44      | 685.44      |
| 180-Bd of Dentistry                                | 102.80      | 102.80      | 102.80      | 102.80      |
| 183-Education Professional Standards Board         | 1,405.12    | 1,405.12    | 1,405.12    | 1,405.12    |
| 185-Bd of Elections                                | 582.60      | 582.60      | 582.60      | 582.60      |
| 187-Bd of Emergency Medical Services               | 719.68      | 719.68      | 719.68      | 719.68      |
| 190-Bd of Embalmers & Funeral Directors            | 102.80      | 102.80      | 102.80      | 102.80      |
| 225-Bd of Hairdressers                             | 616.88      | 616.88      | 616.88      | 616.88      |
| 235-KY State Fair Board                            | 11,275.24   | 11,275.24   | 11,275.24   | 11,275.24   |
| 245-Bd of Medical Licensure                        | 616.88      | 616.88      | 616.88      | 616.88      |
| 250-Bd of Nursing                                  | 1,645.00    | 1,645.00    | 1,645.00    | 1,645.00    |
| 260-Bd of Optometrists                             | 34.28       | 34.28       | 34.28       | 34.28       |
| 263-Bd of Respiratory Care                         | 68.56       | 68.56       | 68.56       | 68.56       |
| 268-Personnel Board                                | 205.64      | 205.64      | 205.64      | 205.64      |
| 270-Bd of Pharmacy                                 | 239.88      | 239.88      | 239.88      | 239.88      |
| 275-Bd of Physical Therapy                         | 102.80      | 102.80      | 102.80      | 102.80      |
| 284-Bd of Real Estate Appraisers                   | 171.36      | 171.36      | 171.36      | 171.36      |
| 290-Bd of Engineers & Surveyors                    | 445.52      | 445.52      | 445.52      | 445.52      |
| 300-Bd of Tax Appeals                              | 239.88      | 239.88      | 239.88      | 239.88      |
| 315-Bd of Proprietary Education                    | 437.00      | 437.00      | 437.00      | 437.00      |
| 330-Athletic Commission                            | 101.00      | 101.00      | 101.00      | 101.00      |
| 345-School Facilities Construction Commission      | 102.80      | 102.80      | 102.80      | 102.80      |
| 350-Environmental Quality Commission               | 137.08      | 137.08      | 137.08      | 137.08      |
| 354-Executive Branch Ethics                        | 102.80      | 102.80      | 102.80      | 102.80      |
| 370-Human Rights Commission                        | 1,233.76    | 1,233.76    | 1,233.76    | 1,233.76    |
| 374-Racing Commission                              | 959.60      | 959.60      | 959.60      | 959.60      |
| 375-Nature Preserves Commission                    | 788.24      | 788.24      | 788.24      | 788.24      |
| 380-Occupational Safety & Health Review Commission | 239.88      | 239.88      | 239.88      | 239.88      |
| 385-Public Service Commission                      | 4,489.52    | 4,489.52    | 4,489.52    | 4,489.52    |
| Real Estate Commission                             | 445.52      | 445.52      | 445.52      | 445.52      |
| 400-Commission on Women                            | 137.08      | 137.08      | 137.08      | 137.08      |
| 415-Council on Postsecondary Education             | 2,330.44    | 2,330.44    | 2,330.44    | 2,330.44    |

| <b>GSC Revenues</b>                              | <b>FY</b>           | <b>FY</b>           | <b>FY</b>           | <b>FY</b>           |
|--|---------------------|---------------------|---------------------|---------------------|
|  | <b>2003</b>         | <b>2004</b>         | <b>2005</b>         | <b>2006</b>         |
| 500-Justice/Secretary                            | 2,810.24            | 2,810.24            | 2,810.24            | 2,810.24            |
| 515-Public Advocacy                              | 11,789.32           | 11,789.32           | 11,789.32           | 11,789.32           |
| 520-State Police                                 | 62,168.04           | 62,168.04           | 62,168.04           | 62,168.04           |
| 523-Juvenile Justice                             | 51,715.32           | 51,715.32           | 51,715.32           | 51,715.32           |
| 525-Criminal Justice Training                    | 5,449.12            | 5,449.12            | 5,449.12            | 5,449.12            |
| 527-Corrections                                  | 124,952.96          | 124,952.96          | 124,952.96          | 124,952.96          |
| 531-Workforce/Secretary                          | 2,947.32            | 2,947.32            | 2,947.32            | 2,947.32            |
| 534- Dept for the Blind                          | 3,769.84            | 3,769.84            | 3,769.84            | 3,769.84            |
| 536-Training & Reemployment                      | 856.80              | 856.80              | 856.80              | 856.80              |
| 538-Employment Services                          | 21,659.44           | 21,659.44           | 21,659.44           | 21,659.44           |
| 540-Department of Education                      | 42,702.00           | 42,702.00           | 42,702.00           | 42,702.00           |
| 546-Technical Education                          | 22,790.36           | 22,790.36           | 22,790.36           | 22,790.36           |
| 547-Adult Education & Literacy (now part of CPE) | 1,165.24            | 1,165.24            | 1,165.24            | 1,165.24            |
| 551-Vocational Rehabilitation                    | 15,901.84           | 15,901.84           | 15,901.84           | 15,901.84           |
| 555-Libraries & Archives                         | 700.00              | 700.00              | 700.00              | 700.00              |
| 569-NREP/Secretary's Office                      | 5,826.12            | 5,826.12            | 5,826.12            | 5,826.12            |
| 590-Environmental Protection                     | 27,931.08           | 27,931.08           | 27,931.08           | 27,931.08           |
| 595-Natural Resources                            | 9,595.96            | 9,595.96            | 9,595.96            | 9,595.96            |
| 600-Surface Mining                               | 13,777.04           | 13,777.04           | 13,777.04           | 13,777.04           |
| 660-Fish & Wildlife                              | 17,032.80           | 17,032.80           | 17,032.80           | 17,032.80           |
| 665-Horse Park                                   | 3,187.24            | 3,187.24            | 3,187.24            | 3,187.24            |
| 670-Parks  | 45,203.76           | 45,203.76           | 45,203.76           | 45,203.76           |
| 675-Public Protection/Secretary                  | 3,118.68            | 3,118.68            | 3,118.68            | 3,118.68            |
| 680-Alcoholic Beverage Control                   | 2,707.44            | 2,707.44            | 2,707.44            | 2,707.44            |
| 681-Charitable Gaming                            | 1,884.92            | 1,884.92            | 1,884.92            | 1,884.92            |
| 685-Financial Institutions                       | 3,358.60            | 3,358.60            | 3,358.60            | 3,358.60            |
| 690-Housing, Building & Construction             | 8,259.36            | 8,259.36            | 8,259.36            | 8,259.36            |
| 695-Insurance                                    | 6,751.44            | 6,751.44            | 6,751.44            | 6,751.44            |
| 701-CFC-Administration Services                  | 15,764.76           | 15,764.76           | 15,764.76           | 15,764.76           |
| 705-Mines & Minerals                             | 5,826.12            | 5,826.12            | 5,826.12            | 5,826.12            |
| 721-CHS Administrative Support                   | 130,299.28          | 130,299.28          | 130,299.28          | 130,299.28          |
| 726-Disability Determinations                    | 14,462.48           | 14,462.48           | 14,462.48           | 14,462.48           |
| 736-Community Based Services                     | 172,247.28          | 172,247.28          | 172,247.28          | 172,247.28          |
| 750-Finance/Secretary                            | 3,358.60            | 3,358.60            | 3,358.60            | 3,358.60            |
| 758-Controller                                   | 1,370.84            | 1,370.84            | 1,370.84            | 1,370.84            |
| 765-State Budget Director                        | 1,610.76            | 1,610.76            | 1,610.76            | 1,610.76            |
| 766-Family Resources & Youth Services Centers    | 342.72              | 342.72              | 342.72              | 342.72              |
| 775-Finance/Administration                       | 6,443.00            | 6,443.00            | 6,443.00            | 6,443.00            |
| 785-Facilities Management                        | 12,509.00           | 12,509.00           | 12,509.00           | 12,509.00           |
| 850-Tourism/Secretary                            | 1,062.40            | 1,062.40            | 1,062.40            | 1,062.40            |
| 860-Travel Development                           | 2,227.64            | 2,227.64            | 2,227.64            | 2,227.64            |
| 900-Labor/Secretary                              | 18,232.32           | 18,232.32           | 18,232.32           | 18,232.32           |
| C30-Revenue                                      | 33,825.72           | 33,825.72           | 33,825.72           | 33,825.72           |
| C35-Transportation                               | 216,457.20          | 216,457.20          | 216,457.20          | 216,457.20          |
| C36-Economic Development                         | 4,660.88            | 4,660.88            | 4,660.88            | 4,660.88            |
| C47-Personnel                                    | 7,402.60            | 7,402.60            | 7,402.60            | 7,402.60            |
| GOV-Governor's Office                            | 4,282.08            | 4,282.08            | 4,282.08            | 4,282.08            |
| <b>Grand Total</b>                               | <b>1,319,980.90</b> | <b>1,321,984.90</b> | <b>1,321,985.90</b> | <b>1,321,986.90</b> |
|  |                     |                     |                     |                     |
|  |                     |                     |                     |                     |





COMMONWEALTH OF KENTUCKY  
**KENTUCKY STATE POLICE**  
919 VERSAILLES ROAD  
FRANKFORT KY. 40601

PAUL E. PATTON  
GOVERNOR

PATRICK N. SIMPSON  
COMMISSIONER

MEMORANDUM

TO: John Cubine, Deputy Director for Budget Review  
Legislative Research Commission

FROM: Patrick N. Simpson, Commissioner  
Kentucky State Police

DATE: August 29, 2003

SUBJECT: Facilities Security Charges for  
The 2004-06 Biennium

The Kentucky State Police have reviewed several different options as to how best to charge agencies for the services of our Facilities Security Branch for the 2004-06 biennium. While we could certainly justify an increase in cost based on salary increments, health insurance costs, etc., we are also sensitive to the current fiscal environment. Therefore, we have determined that the charges for Facilities Security Services for the 2004-06 biennium will be the same each year as those charged for the 2003-04 fiscal year. By agency, the charges will be as follows:

| <u>Agency</u>                       | <u>Amount for Each Year</u> |
|-------------------------------------|-----------------------------|
| Governor/Lt. Governor               | \$37,000                    |
| Attorney General                    | 26,300                      |
| Judicial Branch                     | 33,300                      |
| Legislative Branch                  | 126,000                     |
| Secretary of State                  | 16,000                      |
| Department of Agriculture           | 16,100                      |
| Tourism                             | 28,100                      |
| Finance                             | 205,200                     |
| Office of the State Budget Director | 10,800                      |
| Auditor of Public Accounts          | 6,500                       |
| Executive Ethics Commission         | 2,900                       |
| State Treasurer                     | 7,500                       |
| Economic Development                | 20,100                      |

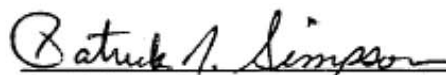


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| <u>Agency</u>                     | <u>Amount for Each Year</u> |
|-----------------------------------|-----------------------------|
| Workforce Development             | 43,300                      |
| Department of Education           | 48,900                      |
| Department of Corrections         | 16,100                      |
| Natural Resources                 | 249,600                     |
| State Medical Examiner            | 16,900                      |
| Justice Administration            | 2,500                       |
| Cabinet for Families and Children | 49,500                      |
| Revenue Cabinet                   | 151,400                     |
| Personnel Cabinet                 | 15,100                      |
| Public Protection                 | 25,100                      |
| Education, Arts & Humanities      | 243,000                     |
| Labor Cabinet                     | 7,600                       |
| Library and Archives              | 5,000                       |
| Department of Local Government    | 2,500                       |
| Department of State Police        | 45,300                      |
| Transportation Cabinet *          | 46,100                      |
| Cabinet for Health Services       | 111,500                     |
| GOT                               | 19,900                      |
| Board of Pharmacy                 | 2,500                       |
| Juvenile Justice                  | 2,500                       |
| TOTAL                             | <u>\$1,640,100</u>          |

This figure will change when Transportation moves into its new building. Amount yet to be determined.

Any additional needs for stationed guard services will be billed at the rate of \$13.76/hour. Need for patrol services will be billed at the rate of \$2,510 per year.

  
 Patrick N. Simpson, Commissioner  
 Kentucky State Police

PNS/MH/jsw

cc: John Lile, Deputy Justice Secretary  
 Colonel Tim Hazlette, Deputy Commissioner  
 Lt. Colonel Ricky Stiltner, Director of Executive Services



**Office of State Budget Director**

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**Mary E. Lassiter**  
Acting State Budget  
Director

Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
Governor's Office for Policy Research

TO: John Cubine  
Deputy Director, Budget Review  
Legislative Research Commission

FROM: Mary E. Lassiter, Acting State Budget Director *ML*  
Office of State Budget Director

DATE: September 11, 2003

SUBJECT: State Fire and Tornado Fund

As mentioned in a meeting on September 2, it is the recommendation of the Office of State Budget Director that premiums billed to state agencies by the State Fire and Tornado Fund be considered a "defined calculation" for purposes of budget requests for the FY 04 – FY 06 biennium. Consistent with other examples of "defined calculation" items, premium costs represent a cost to state agencies which is beyond their control. In total, it is estimated that FY 05 premiums will increase over FY 04 levels by \$2.76 million, and then will see no increase in FY 06. This represents an increase of 38.8% as FY 04 billed premiums total \$7 million. However, the impact to individual agencies will vary based upon claims experience.

The attached memorandum from Commissioner of Insurance Janie Miller provides additional detail supporting the proposed increased costs. Fundamentally, the premium increases are proposed to return the fund's reserve to the traditional \$5 million level as contemplated by statute. Note, however, that even at these proposed levels, there is continued concern that the \$5 million reserve level is not adequate to insure state properties.

I would be happy to discuss this issue with you at your convenience.

:jr/3033

Attachment

c: Janie Miller



Paul E. Patton  
Governor



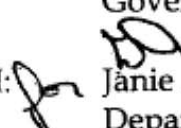
Janie A. Miller  
Commissioner

**Department of Insurance**

(502) 564-3630  
(800) 595-6053 (800) 462-2081 TDD

PO Box 517  
Frankfort, KY 40602-0517

TO: Mary Lassiter  
Acting State Budget Director  
Governor's Office for Policy & Management

FROM:  Janie A. Miller, Commissioner  
Department of Insurance

DATE: August 19, 2003

SUBJECT: Fire and Tornado Fund

Thank you for the opportunity to meet with you and OSBD staff June 26<sup>th</sup> to discuss the financial condition of the Fire and Tornado (F&T) Fund. As we discussed at this meeting, several factors have developed which threaten the long-term financial viability of the F&T Fund. A few of those factors include:

- The growth in the value of assets and insurance policies protected by the fund.
- The large increase in the cost of excess insurance procured by the fund.
- The artificial deflation of premiums paid into the fund due to budget concerns.
- Transfers to the General Fund.
- The history of very low deductibles applied to policies.

Based upon projections discussed in our June meeting, the F&T Fund would have ended each of the next three years with less than the \$5,000,000 cash on hand that is contemplated in KRS56.180. Attachment 1 to this correspondence provides a revised financial report for the F&T Fund. This financial report reflects the premium needed to achieve a recommendation for a projected cash balance of \$5 million at the end of FY05 and FY06.



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The financial solvency of the F&T Fund is of key importance to the Commonwealth. To that end, we have implemented the change to agency deductibles we discussed in the June meeting. The new deductibles were put in place for FY04 coverage, and bring the F&T deductibles more in line with typical insurance market levels.

In addition to that change, the Department is requesting your assistance and cooperation in addressing F&T Fund solvency for FY05 and beyond by appropriating each agency's F&T premium through the biennial budget request process. As we discussed, the Department is providing you with projected FY05 and FY06 premiums, by agency, for inclusion with budget preparation instructions as an "aid to calculation". This information is attached to this memorandum as Attachment 2. By appropriating the premiums to agencies through the budget process, we can achieve our goal of the Fund ending each year with a \$5,000,000 balance, and can do so knowing that the change in premium levels will not severely impact any particular agency's fixed operating budget. In addition to that objective, we will be able to correct some cases of inequitable billing, which were discovered when we developed an improved information management system for the State Risk Division. Due to budget constraints, we have had limited ability to correct these historical billing inequities. Tying the renewal to the budget/appropriation process will be a significant improvement in this process, as well as making the premiums billed to agencies more equitable.

As you can see on Attachment 1, the total annual renewal premium billed by the fund will need to be increased by approximately \$2.76 million in FY05, to approximately \$9,851,000. Based upon current projections, also attached, the renewal billing for FY06 levels off, and may even decrease slightly. This increase in the aggregate renewal premium billed represents a 38.8% increase above the FY04 renewal premium. The premiums we have projected for each certificate (or agency) is based upon the level of coverage on our books as of June 30, 2003, which was used to generate premiums for the FY04 renewal. Naturally, the actual premiums billed to agencies in FY05 and FY06 could change if those agencies acquire/build/renovate property, dispose of property, increase or decrease the insurable value of property (by appraisal or policy decisions), change their business income coverage or desire other insurance products, etc.

Mary Lassiter  
August 19, 2003  
Page 3

However, there are two issues not addressed in this proposal. First, the \$5,000,000 fund balance referred to in KRS56.180 was set several years ago, and in our June meeting we discussed the need to seek an actuarial analysis of the fund to determine whether this figure is appropriate, especially since the insured value of properties covered by the Fund has expanded significantly, and currently exceeds \$8,290,000,000. Secondly, as we also mentioned in June, there is an issue of some historic buildings and artwork being under-appraised, and thus under-insured.

I appreciate your consideration of this matter. If you should have any further questions, feel free to contact me at 564-6026, or my Administrative Services Division at 564-6154 (Randy Donahue, extension 4224).

Attachment 1 - F&T Fund Financial Projections

Attachment 2 - Projected FY05 and FY06 Renewal Premiums to be billed

# ATTACHMENT 2

| CERT NO | AGENCY NAME                    | FY 04 RENEWAL | PROJ 05 and 06 RENEWAL | \$\$ DIFF 04 to 05/06 | % DIFF 04 TO 05/06 |
|---------|--------------------------------|---------------|------------------------|-----------------------|--------------------|
| 1       | LEGISLATIVE RESEARCH COMM      | 7,138.00      | 9,379.00               | 2,241.00              | 0.314              |
| 10      | JUDICIAL FORM RETIREMENT SYSTM | 17.00         | 22.00                  | 5.00                  | 0.294              |
| 11      | ADMIN OFFICE OF THE COURTS     | 70,491.00     | 99,427.00              | 28,936.00             | 0.410              |
| 20      | REVENUE CABINET                | 12,365.00     | 13,829.00              | 1,464.00              | 0.118              |
| 25      | MILITARY AFFAIRS/BLUEGRASS STA | 33,893.00     | 44,524.00              | 10,631.00             | 0.314              |
| 29      | UNIFIED PROSECUTORIAL SYS/CO   | 782.00        | 1,017.00               | 235.00                | 0.301              |
| 30      | UNIFIED PROSECUTORIAL SYSTEM   | 4,103.00      | 5,383.00               | 1,280.00              | 0.312              |
| 31      | DEPT OF AGRICULTURE            | 7,718.00      | 8,769.00               | 1,051.00              | 0.136              |
| 32      | ATTORNEY GENERAL'S OFFICE      | 1,542.00      | 2,026.00               | 484.00                | 0.314              |
| 33      | AUDITOR'S OFFICE               | 1,186.00      | 1,559.00               | 373.00                | 0.315              |
| 34      | GOVERNOR'S OFFICE              | 985.00        | 1,295.00               | 310.00                | 0.315              |
| 36      | LT. GOVERNOR'S OFFICE          | 69.00         | 91.00                  | 22.00                 | 0.319              |
| 37      | MILITARY AFFAIRS (AIRPORT)     | 6,804.00      | 8,084.00               | 1,280.00              | 0.188              |
| 38      | DEPT OF MILITARY AFFAIRS       | 122,066.00    | 176,407.00             | 54,341.00             | 0.445              |
| 39      | KY RETIREMENT SYSTEMS          | 2,286.00      | 3,004.00               | 718.00                | 0.314              |
| 40      | DEPT FOR LOCAL GOVERNMENT      | 668.00        | 878.00                 | 210.00                | 0.314              |
| 41      | SECRETARY OF STATE'S OFFICE    | 861.00        | 1,132.00               | 271.00                | 0.315              |
| 42      | TREASURER'S OFFICE             | 1,868.00      | 2,454.00               | 586.00                | 0.314              |
| 43      | BOARD OF ACCOUNTANCY           | 123.00        | 162.00                 | 39.00                 | 0.317              |
| 44      | BOARD OF AUCTIONEERS           | 63.00         | 83.00                  | 20.00                 | 0.317              |
| 45      | BOARD OF BARBERING             | 34.00         | 45.00                  | 11.00                 | 0.324              |
| 46      | BOARD OF CHIROPRACTIC EXAMINRS | 19.00         | 25.00                  | 6.00                  | 0.316              |
| 47      | BOARD OF DENTISTRY             | 59.00         | 78.00                  | 19.00                 | 0.322              |
| 48      | BD OF EMBALMERS & FUNERAL DIR  | 33.00         | 43.00                  | 10.00                 | 0.303              |
| 49      | BD OF EXAM & REG OF ARCHITECTS | 78.00         | 102.00                 | 24.00                 | 0.308              |
| 50      | BD OF HAIRDRESS & COSMETOLOGIS | 491.00        | 645.00                 | 154.00                | 0.314              |
| 51      | BD OF MEDICAL LICENSURE        | 221.00        | 291.00                 | 70.00                 | 0.317              |
| 52      | BOARD OF NURSING               | 840.00        | 1,103.00               | 263.00                | 0.313              |
| 53      | BD OF OPTOMETRIC EXAMINERS     | 41.00         | 54.00                  | 13.00                 | 0.317              |
| 54      | BD OF PHARMACY                 | 126.00        | 166.00                 | 40.00                 | 0.317              |
| 55      | BD OF PHYSICAL THERAPY         | 24.00         | 31.00                  | 7.00                  | 0.292              |
| 56      | BD OF REG FOR PROF ENG & SURV  | 214.00        | 281.00                 | 67.00                 | 0.313              |
| 58      | HUMAN RIGHTS COMMISSION        | 243.00        | 319.00                 | 76.00                 | 0.313              |
| 59      | REAL ESTATE COMMISSION         | 339.00        | 446.00                 | 107.00                | 0.316              |
| 60      | COMMISSION ON WOMEN            | 355.00        | 466.00                 | 111.00                | 0.313              |



|                                       |           |            |           |        |
|---------------------------------------|-----------|------------|-----------|--------|
| 61 COUNCIL ON POSTSECONDARY EDUCATION | 710.00    | 933.00     | 223.00    | 0.314  |
| 62 DEPT OF PERSONNEL                  | 2,449.00  | 3,219.00   | 770.00    | 0.314  |
| 63 THOMSON-HOOD VETERANS CENTER       | 33,048.00 | 43,421.00  | 10,373.00 | 0.314  |
| 64 SCHOOL FACILITIES CONST COMM       | 67.00     | 88.00      | 21.00     | 0.313  |
| 65 REAL ESTATE APPRAISERS BOARD       | 120.00    | 158.00     | 38.00     | 0.317  |
| 67 KY COMMONWEALTH VIRTUAL UNIV       | 169.00    | 222.00     | 53.00     | 0.314  |
| 75 GOVERNORS OFFICE AGRICULTURAL F    | 105.00    | 138.00     | 33.00     | 0.314  |
| 80 JUSTICE CABINET                    | 1,065.00  | 1,399.00   | 334.00    | 0.314  |
| 81 DEPT OF STATE POLICE               | 75,747.00 | 99,523.00  | 23,776.00 | 0.314  |
| 82 CRIMINAL JUSTICE TRAINING DEPT     | 2,623.00  | 3,447.00   | 824.00    | 0.314  |
| 85 JUSTICE-BLUEGRASS TREATMENT        | 4,005.00  | 5,261.00   | 1,256.00  | 0.314  |
| 91 HERITAGE COUNCIL                   | 263.00    | 346.00     | 83.00     | 0.316  |
| 92 INDUSTRIES FOR THE BLIND           | 359.00    | 472.00     | 113.00    | 0.315  |
| 93 DEPT FOR THE BLIND                 | 18,032.00 | 23,692.00  | 5,660.00  | 0.314  |
| 94 EDUCATION-SCHOOL FOR THE BLIND     | 14,228.00 | 22,386.00  | 8,158.00  | 0.573  |
| 95 EDUCATION-SCHOOL FOR THE DEAF      | 28,198.00 | 50,804.00  | 22,606.00 | 0.802  |
| 96 EDUCATION - FFA                    | 14,199.00 | 23,084.00  | 8,885.00  | 0.626  |
| 97 EDUCATION - CPT & HOLMES ST        | 9,021.00  | 14,129.00  | 5,108.00  | 0.566  |
| 98 FINANCE - SURPLUS PROPERTY         | 7,059.00  | 11,302.00  | 4,243.00  | 0.601  |
| 100 WORKFORCE-WEST REGION             | 13,174.00 | 15,222.00  | 2,048.00  | 0.155  |
| 103 WORKFORCE-SOUTHERN REGION         | 17,396.00 | 22,861.00  | 5,465.00  | 0.314  |
| 104 WORKFORCE-NORTHWEST REGION        | 12,927.00 | 16,982.00  | 4,055.00  | 0.314  |
| 106 WORKFORCE-NORTH CENTRAL REGION    | 13,140.00 | 15,684.00  | 2,544.00  | 0.194  |
| 107 WORKFORCE-NORTHEAST REGION        | 911.00    | 1,001.00   | 90.00     | 0.099  |
| 110 WORKFORCE-SOUTHEAST REGION        | 18,920.00 | 22,254.00  | 3,334.00  | 0.176  |
| 114 KY EDUCATIONAL TELEVISION         | 67,131.00 | 117,698.00 | 50,567.00 | 0.753  |
| 115 KY HISTORICAL SOCIETY             | 10,986.00 | 9,292.00   | -1,694.00 | -0.154 |
| 116 DEPT FOR LIBRARIES & ARCHIVES     | 2,557.00  | 3,363.00   | 806.00    | 0.315  |
| 117 TEACHERS' RETIREMENT SYSTEM       | 10,626.00 | 13,963.00  | 3,337.00  | 0.314  |
| 118 WORKFORCE DEV-VO-REHAB FLD OFC    | 15,875.00 | 20,853.00  | 4,978.00  | 0.314  |
| 119 DEAF & HARD OF HEARING COMM       | 328.00    | 431.00     | 103.00    | 0.314  |
| 120 WORKFORCE DEVELOPMENT CAB/CPT     | 1,850.00  | 2,431.00   | 581.00    | 0.314  |
| 123 KENTUCKY ARTS COUNCIL             | 538.00    | 708.00     | 170.00    | 0.316  |
| 124 ED & HUMANITIES-CRAFT MARKET      | 17.00     | 22.00      | 5.00      | 0.294  |
| 125 WORKFORCE-EMPLOYMENT SERVICES     | 18,958.00 | 26,001.00  | 7,043.00  | 0.372  |
| 141 NATURE PRESERVES COMM             | 1,328.00  | 1,746.00   | 418.00    | 0.315  |
| 143 ENV PROT-MAXEY FLATS              | 498.00    | 654.00     | 156.00    | 0.313  |



|                                    |           |           |           |        |
|------------------------------------|-----------|-----------|-----------|--------|
| 144 ENV PROT-ENVIRONMENTAL SERV    | 27.00     | 35.00     | 8.00      | 0.296  |
| 149 NAT RES-DIV OF FORESTRY        | 7,070.00  | 9,291.00  | 2,221.00  | 0.314  |
| 154 OFC OF SECY-NAT RES & ENV PROT | 39,817.00 | 55,463.00 | 15,646.00 | 0.393  |
| 161 NAT RES-LOCKS & DAMS BLDGS     | 627.00    | 824.00    | 197.00    | 0.314  |
| 163 PETRO STG TANK ENV ASSUR FUND  | 590.00    | 775.00    | 185.00    | 0.314  |
| 170 DEPT OF HIGHWAYS-DISTRICT 1    | 13,150.00 | 16,694.00 | 3,544.00  | 0.270  |
| 171 DEPT OF HIGHWAYS-DISTRICT 2    | 27,822.00 | 21,857.00 | -5,965.00 | -0.214 |
| 172 DEPT OF HIGHWAYS-DISTRICT 3    | 14,511.00 | 19,064.00 | 4,553.00  | 0.314  |
| 173 DEPT OF HIGHWAYS-DISTRICT 4    | 18,027.00 | 18,971.00 | 944.00    | 0.052  |
| 174 DEPT OF HIGHWAYS-DISTRICT 5    | 45,455.00 | 54,511.00 | 9,056.00  | 0.199  |
| 175 DEPT OF HIGHWAYS-DISTRICT 6    | 13,524.00 | 16,486.00 | 2,962.00  | 0.219  |
| 176 DEPT OF HIGHWAYS-DISTRICT 7    | 23,438.00 | 30,796.00 | 7,358.00  | 0.314  |
| 177 DEPT OF HIGHWAYS-DISTRICT 8    | 15,680.00 | 15,072.00 | -608.00   | -0.039 |
| 178 DEPT OF HIGHWAYS-DISTRICT 9    | 20,793.00 | 18,430.00 | -2,363.00 | -0.114 |
| 179 DEPT OF HIGHWAYS-DISTRICT 10   | 18,889.00 | 16,211.00 | -2,678.00 | -0.142 |
| 180 DEPT OF HIGHWAYS-DISTRICT 11   | 23,110.00 | 20,213.00 | -2,897.00 | -0.125 |
| 181 DEPT OF HIGHWAYS-DISTRICT 12   | 17,467.00 | 19,551.00 | 2,084.00  | 0.119  |
| 182 TRANSPORTATION-AUDUBON PKWY    | 342.00    | 449.00    | 107.00    | 0.313  |
| 184 TRANSPORTATION-CUMBERLAND PKW  | 2,373.00  | 3,125.00  | 752.00    | 0.317  |
| 185 TRANSPORTATION-DAN BOONE PKWY  | 1,666.00  | 2,189.00  | 523.00    | 0.314  |
| 186 TRANSPORTATION-WM NATCHA PKWY  | 473.00    | 622.00    | 149.00    | 0.315  |
| 198 DEPT OF CHARITABLE GAMING      | 540.00    | 709.00    | 169.00    | 0.313  |
| 199 KENTUCKY LOTTERY CORPORATION   | 15,364.00 | 20,189.00 | 4,825.00  | 0.314  |
| 205 NORTHERN KY CONVENTION CENTER  | 11,549.00 | 14,429.00 | 2,880.00  | 0.249  |
| 210 CABINET FOR ECONOMIC DEV       | 983.00    | 1,292.00  | 309.00    | 0.314  |
| 211 DEPT OF BUS DEV-PARKING GAR    | 7,894.00  | 6,106.00  | -1,788.00 | -0.227 |
| 214 DEPT OF BUS DEV-PARKING GAR    | 6,904.00  | 4,821.00  | -2,083.00 | -0.302 |
| 229 KY ST BOARD OF ELECTIONS       | 667.00    | 876.00    | 209.00    | 0.313  |
| 230 REGISTRY OF ELECTION FINANCE   | 394.00    | 519.00    | 125.00    | 0.317  |
| 231 BD OF CLAIMS/CRIME VIC COMP BD | 284.00    | 373.00    | 89.00     | 0.313  |
| 232 BOARD OF TAX APPEALS           | 116.00    | 153.00    | 37.00     | 0.319  |
| 234 PUBLIC SERVICE COMMISSION      | 2,326.00  | 3,057.00  | 731.00    | 0.314  |
| 235 RACING COMMISSION              | 416.00    | 546.00    | 130.00    | 0.313  |
| 236 DEPT OF PUBLIC ADVOCACY        | 2,278.00  | 2,991.00  | 713.00    | 0.313  |
| 237 PUBLIC PRO & REG CAB-SEC OFC   | 299.00    | 394.00    | 95.00     | 0.318  |
| 238 DEPT OF ALCOHOLIC BEV CONTROL  | 1,251.00  | 1,644.00  | 393.00    | 0.314  |
| 239 DEPT OF FINANCIAL INSTITUTIONS | 1,634.00  | 2,146.00  | 512.00    | 0.313  |

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| 240 DEPT OF HOUSING/BLDGS & CONST  | 876.00    | 1,151.00  | 275.00    | 0.314  |
| 241 DEPT OF INSURANCE              | 1,149.00  | 1,509.00  | 360.00    | 0.313  |
| 242 DEPT OF MINES & MINERALS       | 1,403.00  | 1,843.00  | 440.00    | 0.314  |
| 272 FAM & CHILDREN-LEASED PROPERTY | 28,602.00 | 41,174.00 | 12,572.00 | 0.440  |
| 273 FAM & CHILD-STATE OFFICE BLDG  | 3,955.00  | 5,849.00  | 1,894.00  | 0.479  |
| 275 CHS-CENTRAL STATE HOSPITAL     | 23,319.00 | 29,056.00 | 5,737.00  | 0.246  |
| 276 CHS-EASTERN STATE HOSPITAL     | 30,380.00 | 48,500.00 | 18,120.00 | 0.596  |
| 277 CHS-GLASGOW ICF                | 3,342.00  | 8,223.00  | 4,881.00  | 1.461  |
| 278 CHS- HAZELWOOD CENTER          | 10,221.00 | 13,432.00 | 3,211.00  | 0.314  |
| 279 CHS-OAKWOOD HOSPITAL           | 33,861.00 | 44,488.00 | 10,627.00 | 0.314  |
| 280 CHS-OUTWOOD STATE HOSPITAL     | 12,552.00 | 21,849.00 | 9,297.00  | 0.741  |
| 281 CHS-WESTERN STATE HOSPITAL     | 50,172.00 | 65,920.00 | 15,748.00 | 0.314  |
| 282 KY COMM/CHILD W/SPEC HLTH NEED | 2,392.00  | 1,441.00  | -951.00   | -0.398 |
| 283 JUVENILE JUSTICE/ADAIR YDC     | 8,822.00  | 11,591.00 | 2,769.00  | 0.314  |
| 285 OWENSBORO TREATMENT CENTER     | 5,145.00  | 4,409.00  | -736.00   | -0.143 |
| 286 CARDINAL TREATMENT CTR         | 1,855.00  | 2,437.00  | 582.00    | 0.314  |
| 287 CENTRAL KY TREATMENT CENTER    | 4,150.00  | 5,455.00  | 1,305.00  | 0.314  |
| 288 KCH/RICE AUDUBON               | 3,234.00  | 4,248.00  | 1,014.00  | 0.314  |
| 289 JUVENILE JUS/TREATMENT CENTERS | 5,183.00  | 4,337.00  | -846.00   | -0.163 |
| 290 GREEN RIVER BOYS CAMP          | 9,289.00  | 5,155.00  | -4,134.00 | -0.445 |
| 291 JUVENILE JUSTICE/GROUP HOMES   | 4,211.00  | 5,531.00  | 1,320.00  | 0.313  |
| 292 JJ/LAKE CUMBERLAND BOYS CAMP   | 6,882.00  | 5,941.00  | -941.00   | -0.137 |
| 293 JUV JUSTICE/LINCOLN VILLAGE    | 5,709.00  | 7,501.00  | 1,792.00  | 0.314  |
| 294 MAYFIELD TREATMENT CTR         | 5,194.00  | 3,811.00  | -1,383.00 | -0.266 |
| 295 MOREHEAD TREATMENT CTR         | 2,161.00  | 4,500.00  | 2,339.00  | 1.082  |
| 296 NORTHERN KY TREATMT CTR        | 4,332.00  | 4,383.00  | 51.00     | 0.012  |
| 297 WOODSBEND BOYS CAMP            | 5,984.00  | 5,939.00  | -45.00    | -0.008 |
| 298 JJ/CADET LEADERSHIP EDU PROG   | 3,352.00  | 4,405.00  | 1,053.00  | 0.314  |
| 299 KCH/JOHNSON-BRECKINRIDGE       | 1,895.00  | 2,490.00  | 595.00    | 0.314  |
| 300 CHS-SENIOR CITIZENS CENTERS    | 6,630.00  | 7,711.00  | 1,081.00  | 0.163  |
| 301 CHS-KCPC                       | 268.00    | 353.00    | 85.00     | 0.317  |
| 302 CHS-MH/MR GROUP HOMES          | 7,379.00  | 9,696.00  | 2,317.00  | 0.314  |
| 305 CHS-PERSONAL CARE HOMES        | 2,247.00  | 4,605.00  | 2,358.00  | 1.049  |
| 306 HEALTH SERVS-LEASED PROPERTY   | 319.00    | 419.00    | 100.00    | 0.313  |
| 307 HEALTH SERVICES OFFICES        | 988.00    | 1,299.00  | 311.00    | 0.315  |
| 309 HEALTH SERVICES/CHR BLDG       | 301.00    | 396.00    | 95.00     | 0.316  |
| 311 HS-INSPECTOR GENERAL LIC & REG | 133.00    | 175.00    | 42.00     | 0.316  |

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| 312 JUVENILE JUST-DETENTION CTRS       | 10,377.00  | 12,170.00  | 1,793.00  | 0.173  |
| 313 INSPECTOR GENERAL-AUDITS           | 32.00      | 42.00      | 10.00     | 0.313  |
| 314 JJ/CAMPBELL REGION DETENTION       | 3,851.00   | 5,060.00   | 1,209.00  | 0.314  |
| 315 JJ/MCCRACKEN REGION DETENTION      | 2,986.00   | 3,925.00   | 939.00    | 0.314  |
| 328 FIN-DEPT FOR FACILITIES MGT        | 23,333.00  | 29,205.00  | 5,872.00  | 0.252  |
| 329 EMPOWER KENTUCKY                   | 158.00     | 208.00     | 50.00     | 0.316  |
| 330 FINANCE-HIGHER ED ASST AUTH        | 10,367.00  | 10,311.00  | -56.00    | -0.005 |
| 332 LABOR - WORK COMP FUNDING COMM     | 217.00     | 284.00     | 67.00     | 0.309  |
| 333 FINANCE-VARIOUS DIVISIONS          | 2,557.00   | 3,360.00   | 803.00    | 0.314  |
| 334 FINANCE-HISTORIC PROPERTIES        | 3,041.00   | 3,996.00   | 955.00    | 0.314  |
| 336 FINANCE-LT GOVERNOR'S RES          | 3,168.00   | 4,162.00   | 994.00    | 0.314  |
| 337 FINANCE-BERRY HILL PROPERTIES      | 3,886.00   | 4,027.00   | 141.00    | 0.036  |
| 338 FINANCE-CHR & HEALTH SER BLDGS     | 30,402.00  | 39,948.00  | 9,546.00  | 0.314  |
| 339 FINANCE-CAPITAL PLAZA              | 15,974.00  | 27,883.00  | 11,909.00 | 0.746  |
| 340 KEWS-GOV OFFICE FOR TECHNOLOGY     | 26,932.00  | 35,386.00  | 8,454.00  | 0.314  |
| 341 FINANCE-PHYSICAL PLANT             | 180,408.00 | 237,060.00 | 56,652.00 | 0.314  |
| 342 FINANCE-MADISONVILLE OFC BLDG      | 1,788.00   | 4,966.00   | 3,178.00  | 1.777  |
| 343 FINANCE-LONDON OFC BLDG            | 3,173.00   | 4,168.00   | 995.00    | 0.314  |
| 344 GOV OFFICE FOR TECH (GOT)          | 5,323.00   | 6,992.00   | 1,669.00  | 0.314  |
| 345 FINANCE-DEPT OF ADMIN-PRINTING     | 1,878.00   | 3,806.00   | 1,928.00  | 1.027  |
| 346 FINANCE-OFC OF RISK MANAGEMENT     | 30.00      | 40.00      | 10.00     | 0.333  |
| 347 Finance - Office of the Controller | 354.00     | 465.00     | 111.00    | 0.314  |
| 348 FINANCIAL MGT & ECON ANALYSIS      | 514.00     | 675.00     | 161.00    | 0.313  |
| 349 PHYSICAL PLANT-LEXINGTON LOCAT     | 3,157.00   | 4,148.00   | 991.00    | 0.314  |
| 350 FACILITIES/COMMISSIONER'S OFC      | 253.00     | 333.00     | 80.00     | 0.316  |
| 351 FACILITIES/CONTRACTING & ADM       | 215.00     | 282.00     | 67.00     | 0.312  |
| 352 FINANCE-EEO & CONTRACT COMP        | 20.00      | 26.00      | 6.00      | 0.300  |
| 353 FINANCE/ADM-CREATIVE SERVICES      | 1,347.00   | 1,770.00   | 423.00    | 0.314  |
| 355 FINANCE-KY TURNPIKE AUTHORITY      | 81.00      | 106.00     | 25.00     | 0.309  |
| 361 GOVERNORS OFFICE KY INFRASTRUCT    | 191.00     | 251.00     | 60.00     | 0.314  |
| 366 KY COMMISSION ON MILITARY          | 98.00      | 129.00     | 31.00     | 0.316  |
| 369 CORRECTIONS-CENTRAL OFFICE         | 3,978.00   | 5,227.00   | 1,249.00  | 0.314  |
| 370 CORRECTIONS-COMM SER & FAC MGT     | 1,753.00   | 2,303.00   | 550.00    | 0.314  |
| 371 CORRECTIONS-BELL CO FORESTRY       | 16,627.00  | 16,468.00  | -159.00   | -0.010 |
| 372 CORRECTIONS-BLACKBURN COMPLEX      | 20,681.00  | 19,572.00  | -1,109.00 | -0.054 |
| 373 CORRECTIONS-CORR INDUS PLANT       | 39,406.00  | 29,972.00  | -9,434.00 | -0.239 |
| 374 CORRECTIONS-INST FOR WOMEN         | 90,243.00  | 118,578.00 | 28,335.00 | 0.314  |

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| 375 CORRECTIONS-FFT CAREER DEV CTR | 8,711.00   | 6,288.00   | -2,423.00  | -0.278 |
| 376 CORRECTIONS-STATE PENITENTIARY | 45,155.00  | 49,418.00  | 4,263.00   | 0.094  |
| 377 CORRECTIONS-STATE REFORMATORY  | 57,930.00  | 70,600.00  | 12,670.00  | 0.219  |
| 378 CORRECTIONS-LUTHER LUCKETT COM | 30,565.00  | 45,393.00  | 14,828.00  | 0.485  |
| 379 CORRECTIONS-NORTHPOINT CENTER  | 42,578.00  | 55,944.00  | 13,366.00  | 0.314  |
| 380 CORRECTIONS-NORTHPOINT FARM    | 5,460.00   | 4,940.00   | -520.00    | -0.095 |
| 381 CORR-ROEDERER CORR COMPLEX/DOR | 14,491.00  | 19,042.00  | 4,551.00   | 0.314  |
| 382 CORR-ROEDERER CORR COMPLEX/FRI | 15,578.00  | 14,051.00  | -1,527.00  | -0.098 |
| 383 CORR-WESTERN KY CORR COMPLEX   | 49,816.00  | 30,761.00  | -19,055.00 | -0.383 |
| 384 CORR-WESTERN KY CORR CMPLX/FM  | 15,746.00  | 15,325.00  | -421.00    | -0.027 |
| 385 CORR-EASTERN KY CORR COMPLEX   | 60,469.00  | 86,621.00  | 26,152.00  | 0.432  |
| 387 CORRECTIONS-BLACKBURN FARM     | 2,508.00   | 3,295.00   | 787.00     | 0.314  |
| 389 GREEN RIVER CORRECTIONAL CMPX  | 39,003.00  | 60,828.00  | 21,825.00  | 0.560  |
| 390 COR-CORRECTIONS TRAINING       | 409.00     | 537.00     | 128.00     | 0.313  |
| 400 FAIR BD-FAIR & EXPOSITION CTR  | 304,438.00 | 322,474.00 | 18,036.00  | 0.059  |
| 401 FAIR BD-COMMONW CONVENTION CTR | 54,017.00  | 70,978.00  | 16,961.00  | 0.314  |
| 403 KY HORSE PARK                  | 66,254.00  | 58,816.00  | -7,438.00  | -0.112 |
| 404 DEPT OF PARKS-CENTRAL OFFICE   | 21,613.00  | 23,106.00  | 1,493.00   | 0.069  |
| 406 DEPT OF PARKS-AUDUBON          | 23,100.00  | 27,406.00  | 4,306.00   | 0.186  |
| 407 DEPT OF PARKS-BARREN RIVER     | 44,797.00  | 58,855.00  | 14,058.00  | 0.314  |
| 408 DEPT OF PARKS-BEN HAWES        | 5,167.00   | 8,447.00   | 3,280.00   | 0.635  |
| 409 DEPT OF PARKS-BIG BONE         | 4,874.00   | 6,406.00   | 1,532.00   | 0.314  |
| 410 DEPT OF PARKS-BLUE LICKS       | 28,787.00  | 28,233.00  | -554.00    | -0.019 |
| 411 DEPT OF PARKS-BUCKHORN LAKE    | 20,659.00  | 20,942.00  | 283.00     | 0.014  |
| 412 DEPT OF PARKS-CARTER CAVES     | 33,826.00  | 34,622.00  | 796.00     | 0.024  |
| 413 DEPT OF PARKS-COLUMBUS-BELMONT | 13,687.00  | 8,693.00   | -4,994.00  | -0.365 |
| 414 DEPT OF PARKS-CONSTITUTION SQ  | 1,949.00   | 2,561.00   | 612.00     | 0.314  |
| 415 DEPT OF PARKS-CUMBERLAND FALLS | 45,937.00  | 38,376.00  | -7,561.00  | -0.165 |
| 416 DEPT OF PARKS-DALE HOLLOW      | 32,391.00  | 34,708.00  | 2,317.00   | 0.072  |
| 417 DEPT OF PARKS-DR THOMAS WALKER | 3,964.00   | 2,777.00   | -1,187.00  | -0.299 |
| 418 DEPT OF PARKS-E P TOM SAWYER   | 8,993.00   | 8,624.00   | -369.00    | -0.041 |
| 419 DEPT OF PARKS-FT BOONESBOROUGH | 54,475.00  | 67,091.00  | 12,616.00  | 0.232  |
| 420 DEPT OF PARKS-GENERAL BURNSIDE | 4,621.00   | 6,065.00   | 1,444.00   | 0.312  |
| 421 DEPT OF PARKS-GENERAL BUTLER   | 23,468.00  | 30,825.00  | 7,357.00   | 0.313  |
| 422 DEPT OF PARKS-GRAYSON LAKE     | 6,237.00   | 8,193.00   | 1,956.00   | 0.314  |
| 423 DEPT OF PARKS-GREEN RIVER      | 4,635.00   | 3,488.00   | -1,147.00  | -0.247 |
| 424 DEPT OF PARKS-GREENBO LAKE     | 23,617.00  | 31,030.00  | 7,413.00   | 0.314  |

|                                    |            |            |           |        |
|------------------------------------|------------|------------|-----------|--------|
| 426 DEPT OF PARKS-JEFF DAVIS MON   | 3,820.00   | 5,019.00   | 1,199.00  | 0.314  |
| 427 DEPT OF PARKS-JENNY WILEY      | 50,568.00  | 49,563.00  | -1,005.00 | -0.020 |
| 428 DEPT OF PARKS-KENLAKE          | 29,173.00  | 31,329.00  | 2,156.00  | 0.074  |
| 429 DEPT OF PARKS-KY DAM VILLAGE   | 56,027.00  | 87,555.00  | 31,528.00 | 0.563  |
| 430 DEPT OF PARKS-KINCAID LAKE     | 11,022.00  | 9,109.00   | -1,913.00 | -0.174 |
| 431 DEPT OF PARKS-KINGDOM COME     | 4,227.00   | 3,059.00   | -1,168.00 | -0.276 |
| 432 DEPT OF PARKS-LAKE BARKLEY     | 105,744.00 | 123,931.00 | 18,187.00 | 0.172  |
| 433 DEPT OF PARKS-LAKE CUMBERLAND  | 57,344.00  | 99,047.00  | 41,703.00 | 0.727  |
| 434 DEPT OF PARKS-LAKE MALONE      | 6,062.00   | 3,572.00   | -2,490.00 | -0.411 |
| 435 DEPT OF PARKS-LEVI JACKSON     | 11,697.00  | 15,359.00  | 3,662.00  | 0.313  |
| 436 DEPT OF PARKS-LINCOLN HOMESTED | 8,785.00   | 11,546.00  | 2,761.00  | 0.314  |
| 437 DEPT OF PARKS-MARY TODD LINCLN | 2,804.00   | 1,219.00   | -1,585.00 | -0.565 |
| 438 DEPT OF PARKS-MY OLD KY HOME   | 15,437.00  | 14,885.00  | -552.00   | -0.036 |
| 439 DEPT OF PARKS-NATURAL BRIDGE   | 30,240.00  | 36,374.00  | 6,134.00  | 0.203  |
| 440 DEPT OF PARKS-OLD FORT HARROD  | 13,731.00  | 13,761.00  | 30.00     | 0.002  |
| 441 DEPT OF PARKS-OLD MULKEY HOUSE | 1,018.00   | 1,336.00   | 318.00    | 0.312  |
| 442 DEPT OF PARKS-PENNYRILE FOREST | 39,755.00  | 54,461.00  | 14,706.00 | 0.370  |
| 443 DEPT OF PARKS-PERRYVILLE BTFLD | 6,469.00   | 3,651.00   | -2,818.00 | -0.436 |
| 444 DEPT OF PARKS-PINE MOUNTAIN    | 33,263.00  | 43,698.00  | 10,435.00 | 0.314  |
| 445 DEPT OF PARKS-PAINTSVILLE      | 1,499.00   | 1,970.00   | 471.00    | 0.314  |
| 446 DEPT OF PARKS-ROUGH RIVER      | 37,840.00  | 66,041.00  | 28,201.00 | 0.745  |
| 447 DEPT OF PARKS-SIMON KENTON     | 390.00     | 514.00     | 124.00    | 0.318  |
| 448 DEPT OF PARKS-WAVELAND MUSEUM  | 1,018.00   | 1,337.00   | 319.00    | 0.313  |
| 449 DEPT OF PARKS-WHITE HALL       | 6,819.00   | 8,960.00   | 2,141.00  | 0.314  |
| 450 DEPT OF PARKS-WM WHITLEY HOUSE | 2,537.00   | 1,083.00   | -1,454.00 | -0.573 |
| 451 DEPT OF PARKS-TAYLORSVLE LAKE  | 3,846.00   | 5,053.00   | 1,207.00  | 0.314  |
| 452 DEPT OF PARKS-BOONE STATION    | 549.00     | 721.00     | 172.00    | 0.313  |
| 453 DEPT OF PARKS-CARR CREEK       | 3,302.00   | 2,439.00   | -863.00   | -0.261 |
| 454 DEPT OF PARKS-YATESVILLE LAKE  | 5,327.00   | 13,870.00  | 8,543.00  | 1.604  |
| 455 DEPT OF PARKS-NOLIN LAKE       | 1,082.00   | 1,420.00   | 338.00    | 0.312  |
| 456 FISH & WILDLIFE-FISHERIES OFC  | 9,619.00   | 6,860.00   | -2,759.00 | -0.287 |
| 457 FISH & WILDLIFE-CENTRAL KY WMA | 4,109.00   | 1,720.00   | -2,389.00 | -0.581 |
| 458 FISH & WILDLIFE-BALLARD CO WMA | 5,645.00   | 2,762.00   | -2,883.00 | -0.511 |
| 459 FISH & WILDLIFE-TWIN EAGLE WMA | 728.00     | 957.00     | 229.00    | 0.315  |
| 460 FISH & WILDLIFE-KLEEBER WMA    | 248.00     | 326.00     | 78.00     | 0.315  |
| 461 FISH & WILDLIFE-LLOYD WMA      | 4,340.00   | 1,949.00   | -2,391.00 | -0.551 |
| 462 FISH & WILDLIFE-HIGG-HENRY WMA | 2,072.00   | 2,721.00   | 649.00    | 0.313  |



|                                    |            |              |            |        |
|------------------------------------|------------|--------------|------------|--------|
| 463 FISH & WILDLIFE-WILDLIFE OFC   | 13,675.00  | 14,096.00    | 421.00     | 0.031  |
| 464 FISH & WILDLIFE-GAME FARM      | 16,153.00  | 12,243.00    | -3,910.00  | -0.242 |
| 465 FISH & WILDLIFE-WEST KY WMA    | 3,530.00   | 3,316.00     | -214.00    | -0.061 |
| 466 FISH & WILDLIFE-ELKHORN STA    | 3,945.00   | 2,291.00     | -1,654.00  | -0.419 |
| 467 FISH & WILDLIFE-CLARK HATCHERY | 10,390.00  | 5,831.00     | -4,559.00  | -0.439 |
| 468 FISH & WILDLIFE-SLOUGHS WMA    | 4,181.00   | 1,707.00     | -2,474.00  | -0.592 |
| 469 FISH & WILDLIFE-CAMP WEBB      | 7,128.00   | 6,422.00     | -706.00    | -0.099 |
| 470 FISH & WILDLIFE-CAMP WALLACE   | 7,027.00   | 4,218.00     | -2,809.00  | -0.400 |
| 471 FISH & WILDLIFE-CAMP CURRIE    | 5,653.00   | 3,297.00     | -2,356.00  | -0.417 |
| 472 FISH & WILDLIFE-YELLOWBANK WMA | 3,024.00   | 1,625.00     | -1,399.00  | -0.463 |
| 473 FISH & WILDLIFE-CLAY FARM      | 2,519.00   | 2,002.00     | -517.00    | -0.205 |
| 474 FISH & WILDLIFE-NAT'L HATCHERY | 4,740.00   | 4,669.00     | -71.00     | -0.015 |
| 475 FISH & WILDLIFE-L'VILLE OFFICE | 130.00     | 171.00       | 41.00      | 0.315  |
| 476 FISH & WILDLIFE-FLEMING CO FM  | 265.00     | 348.00       | 83.00      | 0.313  |
| 479 TOURISM                        | 678.00     | 890.00       | 212.00     | 0.313  |
| 480 LABOR CABINET                  | 7,824.00   | 8,060.00     | 236.00     | 0.030  |
| 490 EASTERN KY UNIVERSITY          | 302,916.00 | 614,482.00   | 311,566.00 | 1.029  |
| 500 KENTUCKY STATE UNIVERSITY      | 72,254.00  | 133,282.00   | 61,028.00  | 0.845  |
| 501 KY STATE UNIV-MILL'S LANE FARM | 5,416.00   | 4,142.00     | -1,274.00  | -0.235 |
| 510 MOREHEAD STATE UNIVERSITY      | 224,731.00 | 384,632.00   | 159,901.00 | 0.712  |
| 520 MURRAY STATE UNIVERSITY        | 296,724.00 | 478,809.00   | 182,085.00 | 0.614  |
| 530 NORTHERN KY UNIVERSITY         | 225,877.00 | 296,794.00   | 70,917.00  | 0.314  |
| 540 UNIVERSITY OF KY-LEX CAMPUS    | 818,149.00 | 1,216,941.00 | 398,792.00 | 0.487  |
| 542 UNIVERSITY OF KY-MEDICAL CTR   | 131,575.00 | 182,952.00   | 51,377.00  | 0.390  |
| 543 UNIVERSITY OF KY-CENTRAL ADMIN | 6,398.00   | 10,187.00    | 3,789.00   | 0.592  |
| 560 UNIVERSITY OF LOUISVILLE       | 401,862.00 | 825,202.00   | 423,340.00 | 1.053  |
| 570 WESTERN KENTUCKY UNIVERSITY    | 268,972.00 | 353,422.00   | 84,450.00  | 0.314  |
| 580 KCTCS-TECHNICAL INSTITUTIONS   | 497,073.00 | 653,141.00   | 156,068.00 | 0.314  |
| 582 KCTCS-FIRE RESCUE              | 2,657.00   | 3,490.00     | 833.00     | 0.314  |
| 588 KY COAL COUNCIL                | 63.00      | 82.00        | 19.00      | 0.302  |
| 613 FIN-DIV OF INFORMATION RESOURC | 417.00     | 548.00       | 131.00     | 0.314  |
| 707 TRANSPORTATION CABINET         | 15,278.00  | 20,075.00    | 4,797.00   | 0.314  |
| 709 FINANCE MARS                   | 781.00     | 1,026.00     | 245.00     | 0.314  |
| 902 UNIVERSITY OF KY-PHONE SYSTEMS | 8,364.00   | 10,982.00    | 2,618.00   | 0.313  |
| 903 WESTERN KY UNIV-PHONE SYSTEMS  | 2,614.00   | 3,435.00     | 821.00     | 0.314  |
| 904 U OF L - TELEPHONE SYSTEMS     | 1,948.00   | 2,552.00     | 604.00     | 0.310  |
| 905 KCTCS-COMMUNITY COLL SYS       | 2,457.00   | 3,226.00     | 769.00     | 0.313  |

|  |              |              |              |       |
|--|--------------|--------------|--------------|-------|
| 908 GEN GOV'T - PERSONNEL BOARD                  | 72.00        | 94.00        | 22.00        | 0.306 |
| 930 CABINET FOR HEALTH SERVICES                  | 3,496.00     | 4,591.00     | 1,095.00     | 0.313 |
| 931 CABINET FOR HEALTH SERVICES                  | 30.00        | 39.00        | 9.00         | 0.300 |
| 938 Education, Arts & Humanities-Office of the : | 199.00       | 261.00       | 62.00        | 0.312 |
| 942 Governors Office for Veteran's Affairs       | 39.00        | 51.00        | 12.00        | 0.308 |
| 944 Legislative Ethics Commission                | 68.00        | 89.00        | 21.00        | 0.309 |
| 946 Kentucky Long Term Policy Research           | 83.00        | 109.00       | 26.00        | 0.313 |
| 949 WFDC-ADULT EDUCATION                         | 846.00       | 1,111.00     | 265.00       | 0.313 |
| 950 WFDC-OFFICE OF TRAINING & REEMPL             | 210.00       | 276.00       | 66.00        | 0.314 |
| 980 Kentucky Center for the Arts                 | 38,301.00    | 50,329.00    | 12,028.00    | 0.314 |
| 983 DEPT OF PARKS - MINERAL MOUND                | 425.00       | 558.00       | 133.00       | 0.313 |
| 984 DEPT. OF PARKS - ISAAC SHELBY                | 29.00        | 38.00        | 9.00         | 0.310 |
| 985 KENTUCKY ARTISAN CENTER AT BERE              | 11,205.00    | 14,723.00    | 3,518.00     | 0.314 |
| 986 DEPT OF BUS DEV - PARKING GARAGE             | 3,938.00     | 5,175.00     | 1,237.00     | 0.314 |
| 987 PUBLIC PROTECTION & REG CAB -SEC             | 113.00       | 149.00       | 36.00        | 0.319 |
|  | 7,095,731.00 | 9,851,327.00 | 2,755,596.00 | 0.388 |

RENEWAL...FY 04.  
Actual renewal run on August 12th, 2003, and currently being billed to agencies.

PROJECTED RENEWAL FOR FY 05 AND 06. This is factoring a 31.4% across the board surcharge to all certificates to reach the needed renewal premium to achieve the 5MIL goal.

\$\$ Difference between FY 04 renewal premium, and projected 05/06 renewal premium.

This represents the aggregate change in premium from FY04...